IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

IN RE NATIONAL PRESCRIPTION OPIATE LITIGATION	MDL No. 2804 Case No. 17-MD-2804 Hon. Dan A. Polster
This Document Relates to: The County of Summit, Ohio, et al., v. Purdue Pharma L.P., et al. Case No. 17-op-45004 The County of Cuyahoga v. Purdue Pharma L.P., et al. Case No. 18-op-45090 City of Cleveland, Ohio v. Purdue Pharma L.P., et al. Case No. 18-op-45132	

THURSDAY, JANUARY 24, 2019

- - -

HIGHLY CONFIDENTIAL - SUBJECT TO FURTHER CONFIDENTIALITY REVIEW

- - -

Videotaped deposition of PATRICK COCHRANE, held at Foley & Lardner LLP, One Biscayne Tower, 2 Biscayne Boulevard, Suite 1900, Miami, Florida, commencing at 9:13 a.m., on the above date, before Kelly J. Lawton, Registered Professional Reporter, Licensed Court Reporter, Certified Court Reporter.

- - -

GOLKOW LITIGATION SERVICES
877.370.3377 ph | 917.591.5672 fax
deps@golkow.com

APPEARANCES:

WEITZ & LUXENBERG, P.C.
BY: PAUL NOVAK, ESQUIRE
3011 West Grand Boulevard, Suite 2150
Detroit, Michigan 48202
(313) 800-4170
pnovak@weitzlux.com
Representing the Plaintiffs

FOLEY & LARDNER LLP
BY: JAMES W. MATTHEWS, ESQUIRE
GRAHAM D. WELCH, ESQUIRE
111 Huntington Avenue
Boston, Massachusetts 02199
(617) 342-4000
jmatthews@foley.com
gwelch@foley.com
Representing Anda, Inc., and the witness

REED SMITH LLP
BY: M. CRISTINA CÁRDENAS, ESQUIRE
1001 Brickell Bay Drive, Suite 900
Miami, Florida 33131
(786) 747-0207
ccardenas@reedsmith.com
Representing AmerisourceBergen Corporation and
AmerisourceBergen Drug Corporation

ARNOLD & PORTER KAYE SCHOLER, LLP
BY: ELISEO R. PUIG, ESQUIRE
370 Seventeenth Street, Suite 4400
Denver, Colorado 80202
(303) 863-2373
eliseo.puig@arnoldporter.com
Representing Endo Health Solutions Inc., Endo
Pharmaceuticals Inc., Par Pharmaceutical, Inc.,
Par Pharmaceutical Companies, Inc.,
(f/k/a Par Pharmaceutical Holdings, Inc.)

APPEARANCES VIA TELEPHONE AND STREAM:

WEITZ & LUXENBERG, P.C.
BY: TIFFANY ELLIS, ESQUIRE
3011 West Grand Boulevard, Suite 2150
Detroit, Michigan 48202
(313) 800-4170
tellis@weitzlux.com
Representing the Plaintiffs

JONES DAY
BY: PAIGE E. ZIELINSKI, ESQUIRE
555 California Street, 26th Floor
San Francisco, California 94104
(415) 875-5788
pzielinski@jonesday.com
Representing Walmart

COVINGTON & BURLING LLP
BY: RYAN R. ROBERTS, ESQUIRE
3000 El Camino Real
5 Palo Alto Square, 10th Floor
Palo Alto, CA 94306-2112
(650) 632-4700
rroberts@cov.com
Representing McKesson Corporation

KIRKLAND & ELLIS, LLP
BY: TUCKER HUNTER, ESQUIRE
300 North LaSalle Drive
Chicago, Illinois 60654
(312) 862-2000
tucker.hunter@kirkland.com
Representing Allergan Finance LLC

TUCKER ELLIS LLP
BY: JAMES R. SHULTZ, ESQUIRE
233 South Wacker Drive, Suite 6950
Chicago, Illinois 60606
jay.shultz@tuckerellis.com
Representing Janssen and Johnson & Johnson

ALSO PRESENT:

ANTHONY BARBARO, Videographer

MICHAEL PIGGINS, Weitz & Luxenberg

CASSANDRA SUDER, Weitz & Luxenberg

- - -

I N D E X

- - -

E X H I B I T S

(Attached to Transcript)

E X H I B I T S

PATRICK COCHRANE DEPOSITION EXHIBITS		PAGE
Anda-Cochrane Exhibit 5	Anda, Inc. - Standard Operating Procedure - SOP 040- Suspicious Order Monitoring - Bates Numbered Anda_Opioids_MDL_0000144378 to Anda_Opioids_MDL_0000144380	81
Anda-Cochrane Exhibit 6	E-mail and Attachment from Michael Cochrane to Al Paonessa - Subject: Rough Draft - Bates Numbered Anda_Opioids_MDL_0000276962 to Anda_Opioids_MDL_0000276964	82
Anda-Cochrane Exhibit 7	June 22, 2010 E-mail and Attachment - Subject: DEA Meeting - Bates Numbered Anda_Opioids_MDL_0000281704 to Anda_Opioids_MDL_0000281706	94
Anda-Cochrane Exhibit 8	July 14, 2010 E-mails and Attachments - Subject: Discussion Strategy Document - Bates Numbered Anda_Opioids_MDL_0000408116 to Anda_Opioids_MDL_0000408119	95
Anda-Cochrane Exhibit 9	Standard Operating Procedure - OPS-035-01 - Bates Numbered Anda_Opioids_MDL_0000277385 to Anda_Opioids_MDL_0000277386	116
Anda-Cochrane Exhibit 10	Standard Operating Procedure - OPS-028-03 - Bates Numbered Anda_Opioids_MDL_0000277387 to Anda_Opioids_MDL_0000277389	123
Anda-Cochrane Exhibit 11	December 13, 2011 E-mail and Attachment - Subject: Anda's DEA Inspection - Requested Information - Urgent - Bates Numbered Anda_Opioids_MDL_0000112251 to Anda_Opioids_MDL_0000112259	126

E X H I B I T S

E X H I B I T S

E X H I B I T S

E X H I B I T S

PATRICK COCHRANE DEPOSITION EXHIBITS		PAGE
Anda-Cochrane Exhibit 32	July 31, 2007 E-mail - Subject: DEA Teleconference Re: CS Distribution/Anda - Bates Numbered Anda_Opioids_MDL_0000275627	252
Anda-Cochrane Exhibit 33	E-mail Chain and Attachment - Subject: Final Questionnaire and Cover Letter - Bates Numbered Anda_Opioids_MDL_0000275445 to Anda_Opioids_MDL_0000275455	255

- - -

THE VIDEOGRAPHER: We are now on the record. My name is Anthony Barbaro. I'm a videographer for Golkow Litigation Services. Today's date is January 24th, 2019, and the time is 9:13 a.m.

This video deposition is being held at 2 South Biscayne Boulevard, Suite 1900, Miami, Florida 33131, in Re: National Prescription Opioid Litigation for the United States District Court, Northern District of Ohio, Eastern Division. The deponent is Patrick Cochrane.

And, counsel, would you please identify yourselves.

MR. NOVAK: Paul Novak and Michael Piggins, both of Weitz & Luxenberg, on behalf of the plaintiffs.

MR. MATTHEWS: James Matthews for the defendant Anda.

MR. WELCH: Graham Welch for the defendant Anda.

MR. PUIG: Eliseo Puig, Arnold & Porter, for the Endo & Par entities.

MS. CARDENAS: Cristina Cardenas for AmerisourceBergen.

THE VIDEOGRAPHER: Counsel on the phone, please identify.

MR. SHULTZ: James Shultz at Tucker Ellis for Johnson & Johnson.

MR. ROBERTS: Ryan Roberts of Covington & Burling on behalf of McKesson.

MR. HUNTER: Tucker Hunter from Kirkland & Ellis on behalf of Allergan Finance, LLC.

MS. ZIELINSKI: Paige Zielinski from Jones Day on behalf of Walmart.

THE VIDEOGRAPHER: The court reporter is Kelly Lawton, and she will now swear in the witness.

THE COURT REPORTER: Sir, would you please raise your right hand.

Do you swear or affirm the testimony you're about to give will be the truth, the whole truth, and nothing but the truth?

THE WITNESS: I do.

THE COURT REPORTER: Thank you.

PATRICK COCHRANE, called as a witness by the Plaintiffs, having been first duly sworn, testified as follows:

///

DIRECT EXAMINATION

BY MR. NOVAK:

Q. Good morning, Mr. Cochrane. Can you provide your full name and address for the record?

[redacted]

Q. Okay. Can you briefly describe for me -- well, let's start with your present position at Anda.

A. My present position at Anda is vice president of operations and logistics.

Q. And can you provide to me a listing of your responsibilities as vice president --

A. Sure.

Q. -- of operations and logistics?

A. So the main responsibilities are distribution and compliance. I also lead the customer service group, the project management office, and I serve as a liaison for our parent company's activities related to security and facilities management.

Q. Okay. I'd like to start with your initial employment at Anda and work forward.

MR. MATTHEWS: Can I just interrupt and object. Can we get on the record that today is the 30(b)(6) deposition of Anda, not the personal

deposition of Mr. Cochrane so it's clear.

MR. NOVAK: Yes. And that's fine.

We have marked for identification Deposition Exhibit 1, which is the Notice of Videotaped 30(b)(6) Deposition of Anda.

(Anda Exhibit 1 was marked for identification.)

BY MR. NOVAK:

Q. Mr. Cochrane, have you seen the notice of videotaped deposition prior to today?

A. No.

Q. Okay. You understand that there are certain topics that have been designated for which you have been designated by the company to appear and provide testimony?

A. Yes.

Q. And that you're providing that testimony on behalf of Anda?

A. Yes.

Q. Okay.

A. Quick clarification.

I had not seen these first two pages. This first notice, I had seen; and this second notice piece, I had seen.

Q. Okay. What did you do for purposes of preparing to testify today?

A. We reviewed two to three dozen documents in addition to discussions about my 24-year career at Anda.

Q. When you say -- when you say that "we" reviewed, who was the "we" to whom you were referring?

A. James Graham.

Q. Have you had, for purposes of preparing to testify today, discussions with other Anda employees?

A. No.

Q. Okay. In addition to the two to three dozen documents that you have identified, have you accessed any of the company's computer systems or files?

A. Sure.

Q. And -- and which of those systems did you access for purposes of preparation for the deposition?

A. E-mail and Anda's system of record, which is TPS.

Q. Okay. As to the e-mail that you are referencing, that's in addition to the two to three dozen documents that you reviewed?

A. No. Inclusive.

Q. Okay. Is that e-mail, to your knowledge, that has been produced in the litigation?

A. Yes.

Q. Okay. As to the TPS system, what is it that you reviewed on the TPS -- well, we'll start with a more fundamental question.

Can you provide for the record an explanation of what the TPS system at Anda is?

A. TPS is our warehouse management call, resource management, order entry system, purchasing system. It's the backbone of our company.

Q. Okay. And what types of information are maintained in Anda's TPS system?

A. Inventory, sales, all transactions.

Q. Okay. Is there compliance information that is also maintained within that system?

A. Yes, there is.

Q. Okay. What was it within the TPS system that you reviewed for purposes of preparing for today's deposition?

A. Customer transaction history.

Q. Can you describe for me within the TPS system what customer transaction history is?

A. What transaction history is?
Q. Yes.
A. Orders, line items, items, quantities, DEA numbers, registration numbers, customer name, address.
Q. Are limits that are placed upon a customer's ability to order controlled substances also maintained in the TPS system?
A. Yes, they are.
Q. And is that part of what you reviewed for purposes of preparing for today's deposition?
A. No, it's not.
Q. Okay. Are histories with respect to modification of control limits contained within the TPS system?
MR. MATTHEWS: Objection.
THE WITNESS: No.
BY MR. NOVAK:
Q. Okay. Now, just to get a context, can you provide a description of the different positions that you have held with Anda over the time that you have been employed with the company?
A. Sure. Start at the beginning or the end?
Q. The beginning.

A. 1995, I was hired as a warehouse operator. Late '95 or early '96, I was promoted to a warehouse lead person. In '98 or '99, I was moved to oversee the commercial distribution of Andrx Pharmaceuticals manufactured product in addition to holding onto some responsibilities related to the native Anda product.

In 1999, I was promoted to shipping -- operating system analyst/shipping supervisor. In the 2000 time frame, I was promoted to manager -- operations manager. Later in 2000, distribution center manager.

In 2001 or early 2002, we began a project related to opening a second distribution center in Groveport, Ohio, in which I participated on that. And after that facility opened, I was promoted to national distribution manager where now both DCs reported to me.

After that, there was an inline promotion to director of logistics. I held that position until late 2005. In late 2005, I was promoted to vice president of operations.

Q. The 2005 promotion to vice president of operations, is that essentially the same position that you have held ever since?

A. Yes. There have been additional responsibilities flexed in and flexed out, but the core of that position has been the distribution activities of our facilities.

Q. Okay. Do you have an understanding as to what the term "suspicious order" means?

A. Yes, I do.

Q. What is your understanding of that term?

A. A suspicious order is something that deviates from what the norm is.

Q. Now, I asked you whether you had an understanding.

For purposes of company operations, what is -- does Anda have a working understanding of what the term "suspicious order" is?

A. Anda does.

Q. Okay. And what is that definition?

A. On order that deviates from the norm.

Q. Okay. Does Anda, for purposes of its day-to-day working policies, also utilize a functional definition of the term "suspicious order monitoring system"?

A. Yes.

Q. And what is the definition that the company

uses for suspicious order monitoring system?

A. A suspicious ordering monitoring system relates to the entire program of work, policies, procedures, either system or manual, related to handling and distributing controlled substances.

Q. In that answer, you included the term "either system or manual."

What did you mean by that?

A. There are system procedures in place and system -- system work that is performed. And there's manual work, and there are manual procedures.

Q. In the context of Anda's implementation of suspicious order monitoring system work, can you give me an example of both the system procedure and the manual procedure?

A. Sure.

The system procedures would be around validating orders, around checking eligibility of a customer, upon checking eligibility of a limit, checking current access and purchases towards that limit.

The manual aspects of it would include all aspects of controlled substance handling from receiving to put-away to physical security to

physical inventories performed on said inventory to the pick, pack, and ship operations.

Q. I'd like to first focus on what you have identified as the manual procedures that Anda utilizes as part of its suspicious order monitoring system.

Can you describe for me the manner in which orders for controlled substances are received by Anda?

A. The manner in which they are received?

Q. Yes.

MR. MATTHEWS: Objection.

Is there a time period?

MR. NOVAK: I appreciate that, because -- let's say 2006 to now. And to the extent that the answer differs over that part -- that time period, we can talk about those differences.

THE WITNESS: Orders can be received by Anda via telephone, via Internet, via EDI, via paper 222 Form.

BY MR. NOVAK:

Q. Are all of those ways in which the company received orders for controlled substances?

A. Yes.

Q. Have there been differences between 2006 and the present in the manner in which those orders are recorded by Anda?

A. No.

Q. At some point between 2006 and the present, did Anda implement a CSOS system?

A. 2005.

Q. Oh, okay.

Let me go through some of those different types of -- of receiving an order.

A. Sure.

Q. When orders are received for controlled substances by telephone, who is it within Anda that receives them?

A. It's either a sales rep or a sales admin.

Q. And what is it that the sales representative or the sales admin does upon receiving an order for a controlled substance?

A. They key it into TPS.

Q. Can you describe for me the process of keying an order into TPS between 2006 and the present?

A. A customer record is accessed. There's a number of customer attributes on the screen, including the address and where the customer is

shipping from, which warehouse, which distribution center at Anda it's shipping from, the carrier method, whether it's FedEx Air or second day or ground, et cetera, is on that first screen.

The second order entry screen allows the individual to key in an item number and a quantity or search or a description of a product and enter a -- select a line item and a quantity. If the product is a CII, it will not let the rep proceed. If the products are CIII through V or noncontrolled or nonRX, it will allow the sales reps to key and accept that order.

Q. Now, you indicated in -- well, let me start with a different question.

I think you described two different screens within the Turning Point System that Anda maintains in that answer.

Can you describe for me what is the first screen?

A. The first screen is the one that I described a couple seconds ago related to the address information and the customer routing information, the carrier method, the shipping warehouse.

Q. Is the customer's eligibility to purchase

controlled substances contained on that first screen?

A. No, it is not.

Q. Any other information with respect to the customer contained on the first screen?

A. Those are the highlights. I'm not aware of anything else.

Q. And then the second screen that you described -- first of all, how would an individual receiving a controlled substance order get from the first screen to the second screen?

A. Pressing enter.

Q. Okay. And then describe for me what is contained on the second screen.

A. The second screen has order header information related to that customer on the top of the screen. The middle of the screen, when you first enter, it will be largely blank. The bottom of the screen has fields that you are able to search upon: item number, description.

Q. Okay. What information is contained on the header in that second screen of the TPS system?

A. The customer number, the customer name, maybe the city and state.

Q. Is the DEA number assigned to the customer

also contained there?

A. I don't believe so. I'm not familiar with it on that level of detail.

Q. Okay. Now, you indicated that a sales representative would not be able to input an order for a control -- a Schedule II controlled substance --

A. That's correct.

Q. -- into the TPS system.

A. That's correct.

Q. Has that been the case from 2006 to the present?

A. Yes.

Q. In what manner is an order for a Schedule II controlled substance input into TPS?

A. There's two ways. There's one way in TPS that is for a manual 222 Form. There is a select group of sales administrators that have access to key those CII orders in. The first screen that I described earlier of the order entry requires the 222 Form Number to be input within -- within that order header before it allows you to proceed.

The other method of taking CII orders unrelated to TPS order entry is CSOS via the web.

Q. Okay. Sticking with TPS for the moment --
A. Sure.
Q. -- you said that it's a select group of sales administrators?
A. That's correct.
Q. Under what group within Anda are those sales administrators housed?
A. Which group?
Q. Yes. Which division of the company?
A. The pharmacy has, I believe, two, and the national accounts group has at least one.
Q. Do you know who today is the sales administrator with authority to enter a control -- a Schedule II controlled substance order into the TPS system?
A. I know of one.
Q. And who is that?
A. Ms. Gina Quayto.
Q. Over the years, who else had the authorization to submit controls -- controlled substance Schedule II orders into TPS?
A. Her -- her predecessors. Other people that held that same possession.
Q. And who was Ms. Quayto's predecessor?

A. There was Rosalie Rudees, R-u-d-e-e-s. There was another woman named Jeanette. Her last name escapes me.

Q. Okay. How does the information get -- when -- when a -- I'll start with a new question.

When a controlled substance -- a Schedule II controlled substance is ordered telephonically --

A. They are not ordered telephonically.

Q. Okay. So that is not an available method of --

A. No, sir.

Q. -- entering an order for a controlled -- a Schedule II controlled substance?

A. No, it is not.

Q. Okay. When we talked about different methods of ordering, I think you identified a paper 222 Form --

A. That is correct.

Q. -- that is available for a Schedule II controlled substance.

A. That's correct.

Q. Via the Internet?

A. A paper form? No. A paper form comes in either via mail or FedEx.

Q. No. But another method --
A. Oh. Another method.
Q. -- that you identified of submitting an order was via the Internet?
A. Sure.
Q. And is that a method that is accessible if a customer were to enter a -- an order for a Schedule II controlled substance?
A. Yes, via CSOS.
Q. Okay. Now, other than the paper 222 Form and via the Internet through CSOS, are there other methods of entering a -- an order for a Schedule II controlled substance that are available to Anda customers?
A. No, there is not.
Q. Okay. And for orders of controlled substances that are Schedule III or lower, may they also enter those orders telephonically?
A. IIIs, IVs, and Vs can be ordered telephonically. IIIs, IVs, and Vs can be ordered via the Internet.
Q. So let's stick with Schedule II controlled substances for the moment.
How are the CSOS orders that are submitted by

Anda customers placed into TPS?

A. It's an electronic transfer from the CSOS application into the TPS order entry.

Q. Okay. And the paper 222 Forms that you referenced a moment ago would have to be manually input into the TPS system?

A. After a series of checks by the distribution center employees that received those forms.

Q. Okay. Can you describe for me what those systems of checks or series of checks from the distribution center employees are?

A. On the paper 222 Forms, there is the initial screening and validation that is an authentic order. There are a series of fields that need to be completed a certain way in order to accept that order.

For instance, the line items need to be clear. The quantities need to be clear. The descriptions need to be clear. The NDC is optional, but if it is written in by the customer, it needs to be clear and legible.

The last line completed on the form needs to be accurate. So the order form allows up to ten line items to be ordered. If the customer fills out three

line items, they must indicate that they only ordered three line items in a specific box.

The form must be dated. The supplier must be written in by the -- by the customer.

Q. When you say "the supplier," are you referring to Anda?

A. Correct.

Q. Okay. In the paper 222 Forms that you are describing, is a specific manufacturer identified for the controlled substance that's being ordered?

A. No. There's no field for manufacturer. There is a field for description, and then there is optional fields of NDC. If a specific NDC is written into that line item, we will attempt to fill that specific NDC.

Q. Okay. And the NDC will relate to a specific manufacturer?

A. That's correct.

Q. Okay. Now, all of this information is placed for paper 222 Forms into the TPS system by an actual human being.

MR. MATTHEWS: Objection.

BY MR. NOVAK:

Q. Correct?

MR. MATTHEWS: Objection.

THE WITNESS: Which information?

BY MR. NOVAK:

Q. The different information that -- that you described in your last answer: the initial authenticity screen, the series of fields that need to be entered --

A. None of that goes into TPS.

Q. Oh, I'm sorry. I --

A. The items and quantities go -- and the form number would go into TPS.

Q. Okay. When you were describing these various fields, were those simply fields that are contained on the 222 Form itself?

A. That's correct.

Q. Okay. How is it that the paper 222 Form is received by someone at Anda and input into the TPS system?

A. They normally are received via FedEx or the U.S. Mail.

Q. And who -- and who is it at Anda that actually does the entry of those orders into the TPS system?

A. The sales admins that I described earlier.

Q. Okay. And those are the -- the administrators designated either in pharmacy or in the national accounts group?
A. Correct.
Q. Okay. Any other individuals that have the authority to submit a paper 222 Form into the TPS system at Anda?
A. No.
MR. MATTHEWS: Objection.
Just remind you to give me a moment to object before you answer.
BY MR. NOVAK:
Q. We've talked about the manual processes for receiving and entering orders as it relates to 222 Forms.
Can you describe for me how CSOS orders for --
A. We haven't described all of the process.
Q. Oh, okay. Can you continue?
What else does a -- an administrator, in, say, the national accounts group do --
A. There are steps before the administrator that are still happening in the warehouse.
Q. Okay.

A. The form is received at the warehouse. The DEA employees, the cage employees or vault employees are the ones fielding those and doing that initial screen on those orders. So they are verifying the actual physical 222 Form.

If it passes all of those checks we described earlier, they can then go through a series of checks to check to make sure that the license is available and accurate and they can check that the address on the form matches the address on the shipping record that we have in TPS.

Q. Is there anything else done for purposes of handling the 222 Forms at the warehouse --

A. At that point --

Q. -- stage?

A. At that point, once those checks are also validated and the addresses match and the form is authentic, the warehouse people can then look up and cross-reference what is actually being ordered by the customer, whether just based on a description or based on an NDC or both. They can then write up what is going to be keyed against that order.

Q. When you say "write up what is going to be keyed against that order," what do you mean?

A. There is an order load form that the warehouse personnel fill out that gets attached to that 222 Form. It's basically an instruction of what the admin is going to key in.

Q. Are there any specific tasks as part of the order entry process at the warehouse --

A. There's no entry. They're writing it up on a sheet.

Q. Okay. A sheet that is separate from the 222 Form?

A. That's correct.

Q. Okay. And that sheet will indicate whether the customer has a valid DEA license number?

A. It does not.

Q. Okay.

A. The form comes in. The 222 Form is a DEA form. It's not an Anda form. It's not a customer form. It doesn't have Anda's customer record number on it.

So one of the -- those checks that they are doing is validating that we actually have that customer set up. And we check his license expiration date and his license is valid and his address information.

The customer number is then attached to this load sheet, and then the quantities and item numbers in which they ordered are then also attached to that load sheet.

Q. Okay. So there are a initial set of steps to verify -- that are performed at the warehouse to -- to verify that this is a -- an existing customer of Anda?

A. Correct.

Q. And once that is verified and the DEA registration number is verified to match that of the customer, the warehouse employees take the next step of beginning to enter information into a load sheet?

A. Write up the information on a load sheet.

Q. Okay. This is still a paper process?

A. Yes, it is.

Q. Okay. And the information that the warehouse employee at Anda will write into the load sheet is what?

A. Customer number, the quantities, and the Anda item numbers associated with the items that were ordered on the paper 222.

Q. Okay. Once the warehouse employee at Anda completes the initial steps that we've discussed as

it relates to the paper Form 222 and enters the -- I'm sorry -- writes the information on a load sheet, what else does the warehouse employee at Anda do for purposes of submitting a paper 222 order?

A. They make a copy of that load sheet with the 222 Form visible on the front of it. And they -- there's -- I'm unsure if they e-mail it to the administrator or they use a shared drive to transfer that data to the person who's going to key the order into TPS.

Q. Okay. So the --

A. The paper 222 Form stays within the warehouse.

Q. The completed 222 Form is then submitted to the national account --

A. The completed load sheet.

MR. MATTHEWS: Objection.

BY MR. NOVAK:

Q. The completed load sheet is then submitted to an administrator in national accounts?

A. One of the two sides. It's either the pharmacy side or --

Q. Or pharmacy.

Okay. Can you describe for me what the

individual, either at pharmacy or national accounts, does once they receive the load sheet that has been submitted by the warehouse?

A. They go into TPS, into the customer record that we described earlier, and they enter the quantities and the item numbers associated with the 222 Form order.

Q. All right. At the point in time that the administrator enters that information into TPS, is an -- is an order number assigned to the order?

A. If the order is accepted, an order number would be assigned.

Q. Okay. And assuming that the order is accepted and an order number is assigned, what happens next for purposes of evaluating the order for a controlled substance?

MR. MATTHEWS: Objection.

THE WITNESS: The order would go through a -- a series of system checks related to controlled substance usage and controlled substance orders previously against those products or those product families and that customer.

If all of those checks were passed, the order would move on to the next administrative holds,

which would be related to credit; could be related to weight or size of the order; related to the shipping method that was selected.

If all of those are passed, it will be released to the distribution center and a pick ticket and ship label would print.

BY MR. NOVAK:

Q. Okay. I want to focus on the first half of your answer where you state the order would go through a series of system checks related to controlled substance usage and controlled substance orders previously against those products or those product families and that customer.

Can you describe in greater detail what the system checks you referred to in that answer are?

A. They're the same things that I described. It's looking at the product families. It's looking at the customer history. And if it deems something outside of the norm as we know it at that point, it could put the order on hold.

Q. Okay. In that answer, you said: It's looking at the product families. It's looking at the customer history.

What is the "it" to which you are referring

in that answer?

A. TPS.

Q. Okay. So TPS has embedded within it an automated evaluation of factors such as the product family and the customer history?

A. Yes.

MR. MATTHEWS: Objection.

Time.

BY MR. NOVAK:

Q. And over -- and -- and --

MR. NOVAK: James, I appreciate you pointing this out from time to time. I -- I understand that the nature of those checks are going to vary at different points, and we'll try to do what they looked like in 2006 and then go forward.

BY MR. NOVAK:

Q. Can you describe for me in 2006 what the nature of the system checks that are embedded within TPS are as it relates to a controlled substance order?

A. There would be checks against the syntax of the DEA registration. There would be checks against the expiration date of the DEA registration number. There would be checks against the state license

expiration date number. There would be credit checks.

There's a number of administrative pieces that we -- the order would look at.

Q. Are any of -- I'll ask a different question.

In 2006, were there any quantity limits embedded within TPS that would automatically apply to a -- an evaluation of a controlled substance order?

A. Not -- not at the order entry portion.

Q. In 2006, is there any automated evaluation of the controlled substance family that existed within TPS?

MR. MATTHEWS: Objection.

THE WITNESS: No.

BY MR. NOVAK:

Q. All right. Anything else about the automated TPS evaluation of a controlled substance that occurred in 2006 other than the steps that you've already identified?

A. No.

Q. Okay. In 2006, for a controlled substance order, what would be the next steps in evaluating whether the order should be fulfilled by Anda?

A. There were none.

Q. Okay. Was there anything in 2006 that addressed whether the customer -- that evaluated whether the customer was eligible to purchase controlled substances?

MR. MATTHEWS: Objection.

THE WITNESS: The validation of their license, the validation of their schedules that they were allowed to purchase per that license.

BY MR. NOVAK:

Q. If they were eligible to purchase a controlled substance by virtue of holding a -- a current DEA and state registration licenses, those were the only factors that the TPS system used in evaluating whether the order could be filled?

MR. MATTHEWS: Objection.

THE WITNESS: There could also be contractual checks related to product eligibility for a customer for a specific manufacturer.

BY MR. NOVAK:

Q. Okay. Those relate more to commercial considerations about what type of product they -- a particular customer wanted to purchase as opposed to their eligibility to purchase controlled substances?

MR. MATTHEWS: Objection.

THE WITNESS: You said two things there.

BY MR. NOVAK:

Q. Okay. Well, let me look at your answer for a second.

When you say there could be contractual checks related to a project -- product eligibility for a customer for a specific manufacturer, what do you mean?

A. Certain manufacturers may restrict certain products in their portfolio to only ship to certain classes of trade or types of customers.

Q. This is in 2006?

A. Sure.

Q. And Anda maintains those contractual limitations on particular customers within its TPS system?

A. Yes.

Q. Are any of those contractual limitations restrictions that emanate from a manufacturer's suspicious order monitoring system?

A. No.

Q. Do any of those contractual restrictions that you identified relate to the eligibility of a customer to purchase controlled substances?

A. No.

Q. Now, you said that in 2006 after the various system checks that the TPS system performed on an automated basis were completed, there would be no other steps in evaluating the eligibility of the customer to purchase a controlled substance.

Is that correct?

A. Correct.

Q. At that point, is there any other step that Anda would take to prevent the -- the sale of a controlled substance, or at that point, would it simply go through?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, there are additional checks.

So when the order allocates and is released to the TPS distribution side of the system, the pick ticket and the ship label are printed by DEA cage or vault personnel. They are then cross-checked against the order form and the load sheet that was written up to check the accuracy.

BY MR. NOVAK:

Q. So an order that has been placed and passed the system checks within TPS for a controlled

substance would still go through a pick, pack, and ship accuracy validation at the end of the process?

MR. MATTHEWS: Objection.

THE WITNESS: There's -- there's two processes. Specific to CII orders from paper form or a CSOS order, those manual checks are cross-referenced against the official order form.

BY MR. NOVAK:

Q. Okay. And those manual checks are performed for all controlled substance orders or only CII?

A. The specific check that I'm referring to is for CIIs.

Q. Okay. So we have discussed the process as it relates to the processing of an -- of a paper 222 order for a controlled substance.

In what manner does the receipt of an electronic order through -- well, let -- let me -- is there any -- is there anything else that we haven't covered for purposes of fulfilling a Paper 222 Form Schedule II controlled substance order as that process existed in 2006?

A. The point that I've gotten you to now is right about to pick the order within the vault.

Q. Okay. And can you describe for me the

process of picking the order within the vault?

A. The pick ticket is used to find the location in which the product is held inside the vault. The items and quantities are picked in accordance with what information is on that pick ticket. They are placed into a box. They are taken to an assembly area.

The pick ticket, which contains the order information, the TPS order information, as well as the DEA Schedule 222 Form number is then scanned into a TPS script that enters into that order. The contents of said order are then scanned. A function key is then pressed to check for errors and request an invoice.

If there's no errors, the invoice prints. The invoice documentation is again cross-checked against the shipping label, which has already been cross-checked against the order load sheet, which has been cross-checked to the order form.

So now we have a series of checks to make sure this product is going to the correct address.

Q. Okay.

A. The box is sealed, and it's placed in a staging area.

Q. Okay. The process that we've just painstakingly gone through, as it relates to the submission of an electronic order under CSOS, can you describe for me the manner in which that process differs once the electronic order has been submitted?

MR. MATTHEWS: Objection.

THE WITNESS: So there's obviously no physical receipt of a paper form order from the warehouse side. There's no write-up onto a load sheet. There's no transferring of that write-up load sheet to an admin.

The order is in the CSOS system, at which point there is an indicator or an -- a queue in which those order amass, in which the DEA vault personnel will enter into those orders and look at them.

It brings up, for lack of a better comparison, an electronic 222 Form. It is a sheet that was designed within the CSOS administration system to very closely resemble the 222 Form. The data elements contained on a paper form are the data elements contained on this electronic form.

That becomes the basis from which that order

is worked.

BY MR. NOVAK:

Q. Did there come a point in time after 2006 when additional steps were embedded into the TPS system for purposes of evaluating the eligibility of a controlled substance order?

A. Yes, there are.

Q. When after 2006 did the first such change occur?

A. Likely in 2007.

Q. Okay. And what was that change?

A. There was a change to not accept orders over a specific dosage unit number at the item level.

Q. What do you mean by the term "at the item level"?

A. At the item -- at the item product family level.

Q. Okay. For purposes of that answer, can you describe for me how Anda defined the term "product family level"?

A. Products that rolled up into a common chemical.

Q. In the context of opioid products, what are the product family levels that existed in 2007?

A. There was the alprazolam family, the hydrocodone families, the oxycodone fentanyl, a number of other items. I'm not familiar with all the names, nor can I pronounce them.

Q. Morphine an additional?

A. Sure. Hydromorphone.

Q. Was morphine a separate family level from hydromorphone?

A. I believe it was.

Q. So in 2007, there were specific quantity levels embedded within the TPS system as it related to these different product families?

MR. MATTHEWS: Objection.

THE WITNESS: That's correct.

BY MR. NOVAK:

Q. And what were those quantity level restrictions?

A. Generally, they were 5,000 dosage units per pharmacist.

Q. When in 2007 was the 5,000 dosage unit limit embedded into the TPS system?

A. It was -- it was probably the back half of the year.

Q. Okay. If an order was received that exceeded

the 5,000 dosage unit family limit that was embedded in TPS from a customer, what would happen to that order?

MR. MATTHEWS: Objection.

THE WITNESS: It depends how it was received.

BY MR. NOVAK:

Q. An additional question about the family levels: How are those kept within the TPS system?

A. I don't understand.

Q. Okay. Are they based on unit codes or NDC codes? Or how is it that, from a programming perspective, the TPS system knows that an order containing different products is -- is within the same family?

A. The family name is a field in one of the item attribute screens within the item master file. So an individual item number within TPS would correspond to a description, strength, size, NDC of a specific item or SKU, and it's part of the item setup.

Q. Okay. Now, we were talking about the 5,000 family dosage unit limit that was embedded into the TPS system and what happens to orders that exceed that 5,000 dosage unit limit.

What is done with those?

MR. MATTHEWS: Objection.

THE WITNESS: Again, it depends on what the order entry method was.

BY MR. NOVAK:

Q. Okay. When you say it depends on the order entry method, are you referring to whether it was entered paper-wise in a 222 Form or electronically through CSOS?

MR. MATTHEWS: Objection.

THE WITNESS: Or electronically through the Internet.

BY MR. NOVAK:

Q. Okay. Electronically through the Internet, by making reference to that form of order entry, you are talking about entry of an order in a process that differs from CSOS?

MR. MATTHEWS: Objection.

THE WITNESS: Are you speaking specifically about Schedule IIs, or are you speaking about all controlled substances?

MR. NOVAK: Okay. That's a fair -- and I appreciate it if you're going to address these different points, identifying circumstances where it differs.

BY MR. NOVAK:

Q. I think earlier you testified controlled Schedule IIs could not be submitted via the Internet, correct?

A. That's correct.

Q. Okay.

A. That's still correct.

Q. So let's talk about the entry for Schedule III opioid products as the process existed in 2007 after the family limits were imposed.

What would happen to orders that exceed the 5,000 family dosage unit limit?

MR. MATTHEWS: Objection.

THE WITNESS: Via which order entry method?

MR. NOVAK: Internet.

THE WITNESS: Internet --

MR. MATTHEWS: Objection.

THE WITNESS: -- it would not allow the customer to order over that limit.

BY MR. NOVAK:

Q. So what would -- what would happen in terms of -- how would the customer become aware that they were not allowed to enter an order?

A. Likely via a message on the screen that says

you can't order that quantity.

Q. Okay. There was a portal available to customers for entry of orders via the Internet?

MR. MATTHEWS: Objection.

THE WITNESS: A portal? I'm not --

BY MR. NOVAK:

Q. A customer submitting a -- an order via the Internet would log onto a specific site at Anda?

A. Sure.

Q. Okay. And that site would instruct them if they exceeded a 5,000 dosage unit for a family with their order?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure of the specific messaging.

BY MR. NOVAK:

Q. Okay. At any rate, they would not be able to file an order if it exceeded the 5,000 family unit restriction via the Internet?

A. Correct.

Q. What would happen if the same customer attempted to submit that order via CSOS?

A. It would be the same result.

Q. In either of those two instances --

A. It wouldn't be the same order, though.
Q. The order that similarly exceeded 5,000 --
A. It would have to be for a different product to be on the two different systems, though. You can't do -- you can't do a Schedule III on CSOS.
Q. Oh. Okay. Thank you.
And then what would happen to the order if it had been submitted via a paper 222 Form?
A. It would be --
MR. MATTHEWS: Objection.
THE WITNESS: It would be caught at the order entry method by the sales administrator and a message would flash on the screen that there was exceeding of the limit.
BY MR. NOVAK:
Q. Okay. For Control II orders that exceeded the 5,000 family unit level in 2007 that were submitted via CSOS, would there be any prompt or electronic notification to the customer that they had exceeded a limit?
A. I don't have details of what that prompt would be.
Q. Okay.
A. But it wouldn't accept the order.

Q. Okay. Would it assign an order number to the order?
A. No, it would not.
Q. And if the order that is in excess of the 5,000 dosage unit family limit in 2007, if it was submitted via paper 222 Form, would an order number be assigned to such an order?
A. No.
MR. MATTHEWS: Objection.
BY MR. NOVAK:
Q. And for a Control III -- a Schedule III controlled substance that was submitted via the Internet to Anda in the 2007 time frame, if it exceeded the 5,000 dosage unit family limit, would an order number be assigned to that type of order?
MR. MATTHEWS: Objection.
THE WITNESS: No, it wouldn't.
BY MR. NOVAK:
Q. Okay. When a customer in this 2007 time frame -- and maybe to be more precise, we're talking about the latter half of 2007 for purposes of these questions.
Is that what you understood?
A. (Nodding head.)

Q. You have to give verbal answers.
A. Yes.
Q. Okay. If a customer became aware of their inability to submit an order, either because they were unable to do so on CSOS or via the Internet, but they nonetheless wanted additional product, what steps were available to such a customer to seek a higher volume of a controlled substance in 2007?
MR. MATTHEWS: Objection. Outside the scope.
THE WITNESS: They could contact their sales rep and initiate a conversation about it.
MR. NOVAK: First break?
MR. MATTHEWS: Sure.
THE VIDEOGRAPHER: The time is 10:23 a.m. We're going off the record.
(Recess from 10:23 until 10:35 a.m.)
THE VIDEOGRAPHER: The time is 10:35 a.m. We are now back on the record.
BY MR. NOVAK:
Q. Mr. Cochrane, we have been talking about the institution of a 5,000 dosage unit per family for controlled substances in approximately August of 2007.
What were the circumstances at Anda that led

to the institution of that 5,000 unit limit to begin with?

A. Oh, that was post some conversations and a meeting with DEA.

Q. When did that -- well, start with the conversations that you referenced.

Who were the participants in the conversations that you identified?

A. DEA personnel at Washington headquarters, along with a compliance director at our parent, Watson Pharmaceuticals.

Q. Was that individual Tracey Hernandez?

A. Yes, it was.

Q. And did Ms. Hernandez convey to representatives of Anda the content of the conversations that she had with representatives of the DEA?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, she did.

BY MR. NOVAK:

Q. And what is your understanding of the content of the discussion that they had?

A. The content was based around quantities of controlled substances that Anda was shipping to

registrants.

Q. Is it Anda's understanding that DEA officials had expressed concern to Ms. Hernandez that in some instances Anda was shipping too large a volume of controlled substances to particular customers?

MR. MATTHEWS: Objection.

THE WITNESS: I don't know that those words were used, "too large a volume," but there was -- it warranted a discussion from their part to reach out.

BY MR. NOVAK:

Q. Did you have an understanding as to whether DEA officials identified particular quantities of controlled substances that were concerning to them?

MR. MATTHEWS: Objection.

THE WITNESS: No, I didn't.

BY MR. NOVAK:

Q. Do you know if any suggestions were made by DEA officials in their conversation with Ms. Hernandez regarding modifications to the manner in which Anda should perform its business?

A. I don't know if there were suggestions made with the initial conversation with Tracey. There were suggestions made from DEA in some later

conversations that DEA had with Anda representatives.

Q. Okay. Even before those later meetings occurred, as a result of the initial conversations between the DEA and Ms. Hernandez, did Anda implement any steps that modified the manner in which it sold controlled substances?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, they did.

BY MR. NOVAK:

Q. And what were those steps?

A. There was an immediate halt on large bottle size formats of products being available so that we could review some data and make appropriate changes in accordance with what the initial conversation was with the DEA representative and Ms. Hernandez.

Q. When you say review some data and make appropriate changes in accordance with what the initial conversation was with the DEA representative and Ms. Hernandez, what do you mean?

A. There was a general conversation that Ms. Hernandez had with representatives from DEA that was talking about concern about quantities of controlled substances that Anda was shipping into the marketplace to DEA registrants.

We ceased selling 500- and 1,000-count bottles for a period of time, a couple of days, so that we could begin to look at our own data and what our shipping history was so that we could assess and try to understand where the commentary from DEA was coming from.

Q. I'm not sure I heard the quantity correctly. Was it 500-count bottles were ceased?

A. 500- and 1,000-count. We continued to sell 100-count bottles. There may have been 90s and 30s as well, but the idea was to cease shipping the large quantity bottles.

Q. Were the prospects of an enforcement action by DEA against Anda discussed in the initial telephone communications that Ms. Hernandez had with DEA officials?

MR. MATTHEWS: Objection.

THE WITNESS: I wasn't part of that conversation. I'm not sure of what was exactly said from DEA.

BY MR. NOVAK:

Q. Okay. In terms of Ms. Hernandez referring the -- or -- or communicating the content of that initial discussion to officials at Anda, did

Ms. Hernandez indicate that DEA officials had suggested a potential enforcement action against Anda?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, she did.

BY MR. NOVAK:

Q. And what did she say?

A. I wasn't part of that conversation, but she contacted our then-president, Mr. Al Paonessa, and let her -- let him know that she had received a call from Washington headquarters.

Q. Okay. And she communicated what DEA officials had communicated to her as it relates to potential enforcement actions against Anda?

MR. MATTHEWS: Objection.

THE WITNESS: Yes.

BY MR. NOVAK:

Q. Did Mr. Paonessa subsequently have conversations with you regarding these initial communications between Ms. Hernandez and DEA?

A. Yes, he did.

Q. And what did he tell you?

A. He told us that DEA called Tracey Hernandez at Watson and said there's a concern about the

quantities of controlled substances that we are shipping to DEA registrants.

Q. Okay. At that point in time, had the 5,000 dosage unit limit been discussed between Mr. Paonessa and Ms. Hernandez?

A. There was talk about the 5,000 unit dosage limit that we had previously in place related to line item level orders, yes.

Q. Okay. In that answer, you said there was talk about the 5,000 dosage limit that we had previously in place.

A. Yeah.

Q. Is it your understanding that that 5,000 dosage limit was instituted prior to the communications that existed between DEA officials and Ms. Hernandez at Watson?

A. Yes, it was.

Q. When was it instituted?

A. 2005, perhaps. Maybe before.

Q. When we discussed earlier this morning the fulfillment of controlled substance orders in 2006, we identified, I think, a few different limitations or screens that TPS engaged -- applied for purposes of determining whether the order should be fulfilled,

correct?

A. That's right.

Q. Okay. Was there a screen in 2006 that applied a 5,000 dosage limit embedded within TPS?

A. At the line item level, yes, it did.

Q. Okay.

A. It wasn't at a family level. The family level came later in 2007.

Q. Okay. All right. I now -- now I think I understand.

So going back to the discussions between representatives of the DEA and Ms. Hernandez, based upon the recounting of information to you from Mr. Paonessa, did you have an understanding as to whether the 5,000 dosage unit limit on a family level was something that the DEA had requested?

MR. MATTHEWS: Objection.

THE WITNESS: I don't know that they requested it, but that was part of our response to -- to the conversation and to -- the ask of DEA.

BY MR. NOVAK:

Q. Okay. What other steps did Anda take in response to the conversations that Ms. Hernandez had

with the DEA?

A. It addition to the ceasing of the 500- and 1,000-count bottles?

Q. Yes.

A. Over those days, reviewing data, we made some programming changes to institute the family level limits to a DEA registration number, which was a pretty large change from where we had been with the 5,000 dosage unit limit at the line-item level.

And that was implemented within a few days and was reported back to DEA.

Q. Okay. Subsequent to the communications between DEA, Ms. Hernandez at Watson, and Mr. Paonessa at Anda, was there a follow-on meeting directly between representatives --

A. There was at least one --

Q. Let me finish the question.

-- between representatives of Anda and the DEA?

A. Yes. There was at least one additional call with representatives from Anda and DEA, and Ms. Hernandez, I believe, was on that call as well. And then there was a face-to-face meeting in Washington.

Q. Okay. When approximately was the additional call?

A. Within days.

Q. Okay. July of 2007?

A. That's accurate, yeah.

Q. Were you a participant on that call?

A. I was a participant on one of the calls, for sure.

Q. Who, in addition to you, participated?

A. Michael Cochrane and Tracey Hernandez.

Q. Did Mr. Paonessa participate?

A. I don't believe he was on that call.

Q. Okay. And what did you discuss with DEA in this July 2007 call?

A. We revisited the commentary that DEA gave to Ms. Hernandez; we talked about the changes that we took and made in the days following Ms. Hernandez's initial communication; and we talked about a face-to-face meeting to be scheduled in the coming days or weeks.

Q. Okay. In the 2007 July telephone call, did DEA representatives communicate a concern about the quantity of orders for controlled substances that Anda was fulfilling?

A. Yes, they did.
Q. Did it identify particular drugs that were of concern to them?
A. I don't recall specific drugs or customers mentioned.
Q. Okay. Do you recall whether they specifically referenced orders in excess of 100,000 or 200,000 units of OxyContin?
A. I don't recall the exact quantities, but there were large -- larger than 5,000 quantities conveyed.
Q. Okay. And Anda was at that time in 2007 fulfilling orders that were orders of magnitude larger than 5,000 dosage units for a family --
MR. MATTHEWS: Objection.
BY MR. NOVAK:
Q. -- of controlled substances, weren't they?
MR. MATTHEWS: Objection.
THE WITNESS: At the order level, yes, it was possible to send more than 5,000 dosage units of a family.
BY MR. NOVAK:
Q. Okay.
A. The limits were applied to the line-item

level at that point.

Q. After the follow-on telephone call in July of 2007 that you participated in, did you also participate in the face-to-face meeting?

A. I did not.

Q. Okay. By the way, we've been talking about Ms. Hernandez and her participation, both in the initial communication with DEA and then the follow-on telephone call from -- that you participated in.

What is your understanding as to Ms. Hernandez's position at that time at Watson?

MR. MATTHEWS: Objection. Outside the scope.

THE WITNESS: She -- she was a compliance director for the Watson Manufacturing Company, which was our parent at the time.

BY MR. NOVAK:

Q. Okay. At the time that Watson acquired Anda, were there any changes instituted in the manner that Anda handled its controlled substances?

MR. MATTHEWS: Objection. Beyond the scope.

THE WITNESS: Operationally?

MR. NOVAK: Yes.

THE WITNESS: No.

///

BY MR. NOVAK:

Q. In terms of who within Anda had the authority to make determinations about controlled substance handling, did any of those individuals have to report to Ms. Hernandez at Watson?

MR. MATTHEWS: Objection.

THE WITNESS: Controlled substance handling how?

BY MR. NOVAK:

Q. For instance, the maintenance or creation of a suspicious order monitoring system.

MR. MATTHEWS: Objection. Beyond the scope.

THE WITNESS: No.

BY MR. NOVAK:

Q. Were you provided instruction from Mr. Paonessa as to what role Ms. Hernandez should play in devising a suspicious order monitoring system at Anda?

MR. MATTHEWS: Objection.

THE WITNESS: No, I was not.

BY MR. NOVAK:

Q. How would you describe Ms. Hernandez's role as it relates to the operation of a suspicious order monitoring system at Anda?

MR. MATTHEWS: Objection. Outside the scope.

THE WITNESS: She had no influence on that.

BY MR. NOVAK:

Q. Now, you indicated at the follow-on meeting with DEA officials and Anda in the summer of 2007, you were not present?

A. The face-to-face, I was not present.

Q. Okay. Is it your understanding that Anda made commitments in that meeting as to limitations that it would place on the sale of controlled substances?

MR. MATTHEWS: Objection.

THE WITNESS: No, I don't believe there were any commitments made to limitations.

BY MR. NOVAK:

Q. Okay. Were any limitations discussed at the face-to-face meeting?

A. Yes.

Q. And what is your understanding as to what was discussed?

A. DEA indicated to Michael and Al that a normal pharmacy doesn't usually need more than 5,000 dosage units of an item on a monthly basis.

Q. Is that dosage units of an item on a monthly

basis or 5,000 dosage units of a family on a monthly basis?

A. At that point it was understood that it was family. We had already made the modifications to our systems to allow for limits by family to a specific registrant.

Q. Okay. Had you implemented the 5,000 dosage unit per family limit prior to the face-to-face meeting with the DEA?

A. Yes, we had.

Q. That was on approximately August 1?

A. I believe it was still in July.

Q. Okay. Are there other modifications to the sale of controlled substances that Anda made coming out of the face-to-face meeting that was held with DEA representatives?

A. Other than limit checking at the family level?

Q. Correct.

A. I don't believe so.

Q. Okay. How about of the types of customers that Anda would sell opioids to?

A. Nothing specific.

Q. Any restrictions on the classes of trade that

Anda would sell opioids to that came out of the 2007 meeting?

A. No, I don't believe so.

Q. Okay. By the way, when we talk about classes of trade, as of this time in 2007, were there particular classes of trade for whom Anda refused to sell controlled substances?

A. For customers that were identified as Internet pharmacy, we were not selling to Internet pharmacies.

Q. Was there a point in time that Anda imposed the limitation of not selling controlled substances to Internet pharmacies?

A. It was years prior to that. It was probably in 2004 or -5.

Q. Okay. Did the DEA discuss in the face-to-face meeting with representatives of Anda that there were particular classes of trade that they viewed as problematic as it related to the sale of controlled substances?

A. I -- I wasn't at the meeting. I don't -- I don't recall specifics. But I knew they -- I know they had issues with Internet pharmacies, and there was dialogue prior to the 2007 meeting with

Washington related to their Internet pharmacies.

Q. Okay. We have been using the term class of trade without really defining it. As it relates to the sale of controlled substances, what were the different types of class of trade to which Anda sold in the summer of 2007?

A. Retail pharmacies, doctors, hospitals, wholesalers, warehousing chain customers.

Q. How about repackagers?

A. Repackagers, yes.

Q. Would pain clinics be a separate class of trade?

A. I think those would be together with either the Internet pharmacies and/or the doctors, potentially.

Q. But as of this time in 2007, the only class of trade that Anda would not sell controlled substances to was Internet pharmacies.

Is that correct?

A. I believe that.

MR. MATTHEWS: Objection.

BY MR. NOVAK:

Q. Okay. Now, once the 5,000 dosage unit per control family limitation on opioids was instituted

in the summer of 2007, did Anda devise policies under which a customer could seek to purchase more than 5,000 units --

MR. MATTHEWS: Objection.

Q. -- for a particular control family?

A. Yes, we did.

Q. Okay. What, if you can describe them, was the process of allowing a customer to purchase more than 5,000 units of, say, OxyContin in August of 2007?

A. There was a review of that customer's business, a review of that customer's usage of product, the number of prescriptions they served, the demographics of the customer's location.

Q. For purposes of evaluating the customer's usage of product, what information did Anda collect in August of 2007?

A. Dispensing information from their pharmacy and sometimes purchasing information from that pharmacy from . . .

Q. Did there come a point in time where the -- I'll ask a different question.

At this point in time in 2007, were the limitations placed on the sale of controlled

substance -- substances part of what you considered to be Anda's suspicious order monitoring system?

A. It was part of our entire compliance program as it related to controlled substances.

Q. Okay. Were there -- in addition to the family unit limitations imposed upon the sale of controlled substances, what were the other elements of Anda's suspicious order monitoring system in August of 2007?

A. Our entire compliance program consisted of procedures related to the handling of the controlled substances, the physical security of the controlled substances, the clearances in which we obtained to allow employees to have access to work with controlled substances, the procedures we had in place to pick and pack controlled substances, the inventory and security aspects of the controlled substances, the cycle counts, daily counts, as well as the accreditation of a customer from the licensure to the customer setup to the address checks. All of those elements.

Q. Okay. Were there particular policies in place as of this time in August of 2007 that related to an evaluation of the appropriateness of a

particular customer buying controlled substances?

MR. MATTHEWS: Objection.

THE WITNESS: The appropriateness?

MR. NOVAK: Yes.

THE WITNESS: Yes.

BY MR. NOVAK:

Q. And which of the policies in effect related to that evaluation of the customer's appropriateness?

A. There was a policy related to the information needed to set up an account. There was controlled substance handling. There were cycle count pieces.

(Anda Exhibit 2 was marked for identification.)

BY MR. NOVAK:

Q. We have marked for identification purposes Anda Exhibit -- Anda-Cochrane Exhibit 2.

MR. NOVAK: You know, it just --

MR. MATTHEWS: You should call this Anda, and you can call it Pat Cochrane tomorrow.

MR. NOVAK: Right.

MR. MATTHEWS: That's the way I noted it on the top of mine.

MR. NOVAK: Okay. What did we call Number 1? Did we call it Anda 1?

THE WITNESS: It's got my name on it.

MR. NOVAK: Okay. I think the -- for today's purposes, they will just be labeled as Anda exhibits without the witness name. And then when we do this tomorrow, we'll have to make it Patrick Cochrane to distinguish between those and the Michael Cochrane ones.

BY MR. NOVAK:

Q. So we've had marked Anda-Cochrane Exhibit 2, which also was previously marked as Anda Spellman Deposition Exhibit 6, which are the defendant Anda Inc.'s Supplemental Response to Plaintiff's First Refined Discovery Request to Distributor Defendants.

And the particular page of these that I would like to draw your attention to start at, Page 8.

And there, a discovery request is stated: Please produce each of your suspicious order monitoring system policies and procedures since January 1, 2006, and identify the Bates stamp range for each. Please identify the effective date each was in force and effect.

And proceeding after that request is an extended response to the request submitted by

counsel.

And then on the page that is Page 9 of Anda Deposition Exhibit 2, there is a chart identifying different standard operating procedure.

Do you see that?

A. I do.

Q. Okay. There are a couple of particular standard operating procedures to which I wanted to draw your attention.

First of all, SOP Number 28, is -- is that the one that deals with the information that would be gathered from a customer for Anda to make the initial determination that it was appropriate to sell controlled substances to them as of 2007?

A. Yes, as well as setting up a new customer for any purchases.

Q. Okay. And as of 2007, under that operating procedure, what would Anda do?

A. In 2007 they would obtain licensure and create a customer record file. I believe it was still paper at that point when it was going through the setup process. There were inputs into the system to create a customer number where licenses and expiration dates were input into TPS.

Q. Okay. The Standard Operating Procedure 28, is that a procedure that you authored at Anda?

MR. MATTHEWS: Objection.

THE WITNESS: I've certainly had versions that we moved into specific formats. The initial authoring of that document was sometime in either '98 or '99 and was performed likely by Jay Spellman and/or Elliott Schwartz.

(Anda Exhibit 3 was marked for identification.)

MR. NOVAK: Are these going on the screen?

THE VIDEOGRAPHER: Yes. Do you want to see it?

MR. NOVAK: Yeah.

BY MR. NOVAK:

Q. We've had marked as Anda-Cochrane 3 a document bearing the Bates Number Anda_Opioid 271410 and 271411. The cover page, which identifies it, is Standard Operating Procedure Number 28, the title, information needed to set up a new account.

As to this version of SOP 28 effective August 20, 2004, Mr. Cochrane, were you the author of that original version.

A. I am the one that put it into this format,

yes.

Q. Okay. And looking at the second page of Anda-Cochrane Exhibit 3 -- by the way, is this the form that the operating procedure would have been in as of 2007?

A. I'm not sure.

Q. Okay. So the second page of Anda-Cochrane 3 identifies the steps that the company would take for purposes of opening a new account with a customer.

Is that correct?

A. That's correct.

Q. And some of those included information that was specifically gathered for purposes of determining whether the customer would be eligible for the purchase of controlled substances.

Is that correct?

A. Correct.

Q. Which ones specifically relate to controlled substances?

A. 31B, 31C, 31D.

Q. Okay. So for purposes of selling controlled substances to a customer under the version of SOP 28 that is Anda-Cochrane 3, the information that Anda would gather related to matching the DEA registration

number, assuring that the customer had an updated license and if the customer were a chain receiving the license -- licensure information in a spreadsheet form.

MR. MATTHEWS: Objection.

BY MR. NOVAK:

Q. Is that correct?

MR. MATTHEWS: Objection.

THE WITNESS: For the initial load, we could receive it as a spreadsheet form. There was a backwards updating step performed by the compliance department to retrieve those individual license and file them in the customer file.

(Anda Exhibit 4 was marked for identification.)

BY MR. NOVAK:

Q. Okay. We've had marked as Anda-Cochrane -- or Anda Deposition Exhibit 4 a version of the standard operating procedure with Bates Number 144398 through 144401. And let me start by looking at the very last page of Anda Deposition Exhibit 4.

Do you see a revision history that is set forth there?

A. I do.
Q. Okay. Based upon your review of that revision history, when did this particular version of Standard Operating Procedure 28 become effective?
A. Exhibit 4?
Q. Yes.
A. This would tell me that it was February of '18.
Q. Okay. Now, going back to Anda Exhibit 2.
A. 2? Okay.
Q. The identification of procedures that apply to customer due diligence for Standard Operating Procedure 28, the version of that standard operating procedure that is identified is the version that is Anda Exhibit 4, correct?
A. It would be the most current, yes.
Q. All right. How would you determine what version of Standard Operating Procedure 28 was in effect for a particular time period between 2006 and 2018?
A. I'm not sure I can do that from Exhibit 4.
Q. Okay.
A. Exhibit 4 is a current version, and we would have to go through all of the changes and/or reviews

that were included in those other revision history line items --

Q. Okay.

A. -- to back into what was there. At a minimum, it would be Version 3.

Q. Okay. Now I'd like to direct your attention next to Standard Operating Procedure 40.

Can you give me a description from your perspective as to what the purpose of Standard Operating Procedure 40 is?

A. 40 is orders of interest monitoring systems, suspicious order monitoring. That is the system in which we currently look at orders and score and grade orders that are traveling through our system.

(Anda Exhibit 5 was marked for identification.)

BY MR. NOVAK:

Q. Okay. We've had marked as Anda Exhibit 5 the version of Standard Operating Procedure 40 that is identified by the company in the supplemental responses to discovery requests that is set forth at Page 9.

Now, looking at the last page of Anda Exhibit 5, when did this particular version of

Standard Operating Procedure 40 become effective?

A. March of '17.

Q. Okay. Do you know where you would go to obtain the prior versions of Standard Operating Procedure 40 that existed prior to March of 2017?

A. I would go to our compliance department.

Q. Okay. Do you understand that they have the prior versions of the Standard Operating Procedure 40 on file?

A. I don't know that.

Q. Prior to December of 2011, were there predecessor written versions of Standard Operating Procedure 40?

A. December '11 is the original issue of Number 40.

(Anda Exhibit 6 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked as Anda Deposition Exhibit 6 a document that is comprised of three pages bearing the Bates Numbers Anda 276962 through 964.

The front page is an e-mail from Michael Cochrane to Al Paonessa.

By the way, we've made reference to

Mr. Paonessa a number of times today. I'm not sure if we've ever articulated. At this time in 2007, was Mr. Paonessa the president of Anda?

A. Yes, he was.

Q. Okay. Now, in the e-mail that is sent from Mr. Cochrane to Mr. Paonessa, he says: I have a rough draft of the SOP, but there is no substance to it. It outlines different things we are going to look at, but I'm not sure what to put in as far as how we make a decision on what the appropriate limits would be and what we raise a customer to.

Is this a document that you would have received back in that 2007 time frame?

A. I'm on the e-mail distribution, yes.

Q. Okay. And then attached to the e-mail is a draft Standard Operating Procedure 40. This would have been drafted by Michael Cochrane, the director of regulatory compliance at Anda in this 2007 time frame?

A. Specifically it says that Michael was the originator, and the date on the document is 7/27/07.

Q. Okay. And in the revision history down at the bottom, it states an effective date of August 1, 2007. Do you know if this version of the standard

operating procedure became effective in August of --

A. I don't believe it --

Q. -- 2007?

A. I don't believe it did.

Q. Okay. Looking at the second page of the exhibit, under "Purpose," it says: To make sure the appropriate steps are followed when a customer is requesting more than 5,000 dosage units of a controlled substance family in a single calendar month.

Do you see that reference?

A. I do.

Q. Okay. And then there are procedures that are set forth underneath that. Whether this was officially adopted or not, are the procedures that are set forth under 3.0 the procedures that were in place -- put in place in August of 2007 for purposes of determining when a customer would get more than 5,000 units of a controlled substance family?

MR. MATTHEWS: Objection.

THE WITNESS: Those look like accurate elements of what was done. I don't know that that's all conclusive.

///

BY MR. NOVAK:

Q. Well, let's review them for a moment.

It identifies as the first step in the procedure to forward customer questionnaire to be filled out in its entirety.

Do you understand that as of this time in 2007 Anda customers were able to obtain controlled substances without a filled out customer questionnaire?

MR. MATTHEWS: Objection.

THE WITNESS: Prior to 2007? During 2007?

BY MR. NOVAK:

Q. Prior to the changes that were made in August of 2007.

A. Yes, they were. Yes, they were.

Q. They were required to fill out a customer questionnaire in -- prior to August of 2007?

A. Let me let you restate your question, because that's not what you asked me.

Q. Okay. Okay. I -- thank you, because I misheard your answer.

In August of 2007, is that when the limitation was put in place that required the submission of a customer questionnaire if a

controlled substance customer wanted more than 5,000 units of a controlled substance family?

MR. MATTHEWS: Objection.

THE WITNESS: That's when that process was started, yes.

BY MR. NOVAK:

Q. Okay. For customers that purchase less than 5,000 units of a controlled substance family, even after August of 2007, there was a period of time where they could do so without submitting a customer questionnaire, correct?

A. That's correct.

Q. The second step in the procedure that is identified in Anda Exhibit 5 -- or, I'm sorry, Anda Exhibit 6 is, quote: Review a year to date file that contains monthly dosage unit purchases by product family for any overly suspicious quantities in past purchases.

You see that reference?

A. I do.

Q. Is that a step that Anda instituted in August of 2007 for purposes of evaluating whether a particular customer should be able to buy more than 5,000 dosage units of a controlled substance family?

A. Well, it's memorialized in this document as of July 27th, 2007. I'm not sure if it was being practiced as a practice in a nonmemorialized way prior to that. But these changes took place in the summer of 2007, largely in result to -- to our response to the DEA inquiry.

Q. Okay. And that step in the procedure would be something that Anda could perform just by looking at their sales to the customer, correct?

A. Not necessarily. It depends if we're looking at that monthly dosage unit purchases product family for our data or the customer's data or consolidated.

Q. Okay. And neither is specified in this version of the document.

Do you know if Anda was collecting data as to what its controlled substance purchasers were buying from other sources --

A. I don't know when that started.

Q. -- as of this time in 2007?

A. I'm not aware of that.

Q. Okay. And, similarly, for the third step in the procedure, as outlined here, check percentage of controlled substance sales versus noncontrolled substance sales, after that, there are two what look

as though they are maybe TPS file names.

Is that what they are?

A. One's a file name. One's a library name.

Q. Okay. Can you describe for me what FPC US DEA is?

A. FP represents a physical file. CUS represents customer. DEA represents controlled substances.

Q. Okay. So what is contained in that file?

A. I can't say with a hundred percent certainty. I don't use that file regularly. But FP CUST DEA as it relates to Number 2 would tell me that it's looking at the products in aggregate that that customer had purchased from us.

Q. Okay. In other words, all of the stuff that they buy from you --

A. That's right.

Q. -- was controlled or noncontrolled?

A. Was put into that file.

Q. And then the second reference at page -- this page ending in the Bates Number 64 that is Anda Exhibit 6 is a file called AGIDO6LIB.

A. That is a library.

Q. And what is --

A. That's the library in which FP CUST DEA is stored. As the AS400 file structure works, for lack of a better comparison, you could equate it to Windows.

Q. Okay.

A. That is the file folder.

Q. So within that file folder, a -- an employee of Anda could look at the amount of controlled substance sales that a customer purchases, correct?

A. FP CUST DEA and AGIDO6LIB refer to file structure on the mainframe. It's not a user interface. Queries and/or custom screens could be created using that file as its background.

Q. Okay.

A. To my knowledge at the point this draft existed, that file was brand new. This is a file that had been created post the implementation of specific families of product so that this compared, the data could be compared. I don't believe that a typical user interface existed at the time of this writing.

Q. Okay. Do you know as of the time of this writing if one of the steps that was instituted for evaluating whether a customer could buy more than

5,000 dosage units of a family of a controlled substance, whether they would check these percentages?

A. Yes.

Q. Okay.

A. That was the purpose of creating that.

Q. And were there particular numerical thresholds that were evaluated that would indicate that, yes, the customer can get more than 5,000 units of, say, OxyContin; or, no, the customer could not get more than 5,000 units of OxyContin based upon the percentage of controlled substance sales versus noncontrolled substance sales?

MR. MATTHEWS: Objection.

THE WITNESS: No, I don't know what those thresholds would have been.

BY MR. NOVAK:

Q. Do you know whether thresholds -- numerical thresholds were created back at that time in '07?

MR. MATTHEWS: Objection.

THE WITNESS: No, I don't.

BY MR. NOVAK:

Q. And then the last step in the procedure referenced here states, quote: Using sales advantage

from the Anda intranet review and print previous three months of sales.

You see that reference?

A. I do.

Q. Okay. Is this outlining a step where an individual evaluating whether a customer should get the ability to buy more than 5,000 dosage units of a controlled substance family in a month where they would review this data?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, they would, in conjunction with the data described in Number 3 and Number 2.

BY MR. NOVAK:

Q. Okay. Now, as this procedure was implemented in the fall of 2007, there were customers of Anda's that were allowed to buy more than 5,000 units of OxyContin or fentanyl or other controlled substance families, correct?

A. Adjustments to families could be made at the family level.

Q. When you say -- if I understand you correctly, that means that the individual making adjustments would make them on a family-by-family basis?

A. I don't understand the question.

Q. Okay. I'll ask a completely different one.

As we go into the fall of 2007 and these new procedures are being implemented as it relates to the sale of opioid families to Anda's customers, who is it that's making the decision about whether a customer can buy more than 5,000 units of a family?

A. The compliance department.

Q. Okay. And so when the compliance department employee is making those decisions to adjust a limit for a customer, do they make it on a family-by-family basis?

A. Yes, they can.

Q. Okay. Do they typically, or do they typically modify it upwards or downwards of -- for every family?

MR. MATTHEWS: Objection.

THE WITNESS: It would depend on the usage and whether the data warranted it.

BY MR. NOVAK:

Q. Okay. So depending on the data, a compliance department employee might modify the limit for OxyContin, allowing a customer to buy more of that, but still maintain them at 5,000 family units for

fentanyl?

MR. MATTHEWS: Objection.

THE WITNESS: That's possible.

BY MR. NOVAK:

Q. Okay. Now, I think you've already testified that Anda Exhibit 6 was not formerly enacted by the company.

Is that correct?

A. At that time, no.

Q. Okay.

A. This is not a complete document.

Q. I want to leap ahead a couple of years.

In the summer of 2010, do you have an understanding that Anda met with compliance individuals at the Drug Enforcement Administration to discuss their suspicious order monitoring system?

MR. MATTHEWS: Objection.

THE WITNESS: I believe the DEA met at our location.

BY MR. NOVAK:

Q. Okay. Did you participate in those meetings?

A. Yes. It was a physical inspection.

Q. Okay. And in addition to the physical inspection, did DEA officials meet with

representatives of Anda to discuss modifications in how their controlled substances were being sold?

MR. MATTHEWS: Objection.

THE WITNESS: I don't remember discussing specifics about modifications.

(Anda Exhibit 7 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked as Anda Exhibit 7 a three-page document, the first page of which is an e-mail from Michael Cochrane addressed to Al Paonessa and yourself on June 22 of 2010, and the second and third pages of which are a document entitled Standard Operating Procedure 40.

I want to direct your attention first to the first page of Anda Exhibit 7 where Michael Cochrane writes both to Al Paonessa and cc'ing you, quote: The DEA would like for us to come to their office for a meeting Thursday at 10 a.m. in person. In attendance would be Gayle Lane and Jan Hamilton, who are both group supervisors, and possibly one other person from DEA. Not sure who.

Do you know -- irrespective of when the meeting was held, do you know if a meeting was held

arising out of this request from the DEA group supervisors --

MR. MATTHEWS: Objection.

BY MR. NOVAK:

Q. -- in 2010?

MR. MATTHEWS: Objection.

THE WITNESS: A meeting with Gayle Lane happened some many weeks, if not a couple months, after this e-mail request.

BY MR. NOVAK:

Q. Okay. And did you participate in the subsequent meeting that was held with Gayle Lane?

A. Yes, I did.

Q. Did you also participate in the preparation of the different individuals at Anda for that meeting?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure what you mean.

(Anda Exhibit 8 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked as Anda Exhibit 8 a document that is an e-mail first from you to Al Paonessa on July 14 of 2010 and -- and then that was apparently

forwarded to -- to Jay Spellman.

Looking at the second page of Anda Exhibit 8 -- and these are Bates numbers 108116 and 17.

I wanted to direct your attention to the second page of Anda Exhibit 8. Are these topics that you prepared to review with Al Paonessa in preparation for the meeting with Gayle Lane at DEA?

A. No, they are not.

Q. Okay. What are these topics?

A. These are topics we were preparing a discussion for for an on-site inspection that was being performed by Jan Hamilton at the time.

Q. Okay. So these were in preparation for a DEA inspection, and Ms. Hamilton was an employee at the DEA?

A. She was the other group supervisor in Michael's e-mail.

Q. Okay. Looking at the second page of Anda Exhibit 8, I want to direct your attention to some bullet points that are further down the page.

You see the heading Suspicious/Excessive and Limits?

A. I do.

Q. Okay. Underneath that, there are a few different bullet points. I want to direct your attention -- well, let's start with the first bullet point. It says: We need to hold a firm stance supporting that we have not had suspicious or excessive orders since 2007 meeting with DEA in Washington, DC.

Do you see that reference?

A. Yes, I do.

Q. That's something that you drafted as part of the topics for discussion in preparation of the on-site DEA meeting?

A. The continuing DEA meeting, yes.

Q. Okay.

A. The DEA meeting started on July 9th.

Q. Okay. And then, underneath that, you state as a sub bullet point: We created chemical families of products to ensure that limits could be enforced across multiple strengths of chemicals and multiple bottles/pack sizes.

Those are the chemical families that we've been discussing that were instituted in August of 2007?

A. Yes, they are.

MR. MATTHEWS: Objection.

THE WITNESS: July of 2007.

BY MR. NOVAK:

Q. Okay. And specifically as it relates to opioids, the chemical families of fentanyl, OxyContin, hydromorphone?

A. Hydrocodone, morphine.

Q. Thanks.

MR. MATTHEWS: Wait for a question.

BY MR. NOVAK:

Q. The second bullet point under that states: All accounts are granted a baseline of 5,000 dosage units per month per chemical family as long as a valid DEA license and applicable schedule are loaded for the account.

That was the limitation put in place in July of 2007?

MR. MATTHEWS: Objection.

THE WITNESS: Correct.

BY MR. NOVAK:

Q. And it continued in place as of this time mid-July of 2010?

MR. MATTHEWS: Objection.

THE WITNESS: Correct.

BY MR. NOVAK:

Q. Underneath that is an additional bullet point: Our systems restrict orders from being entered if either a single order or cumulative orders for a given month exceed the customer's dosage usage unit limits.

Do you see that reference?

A. I do.

Q. You wrote that in the summer of 2010, correct?

A. Correct.

Q. Okay. Are those the limits that were put in place -- I'm sorry.

We discussed at the very beginning of the day today the manner in which orders are entered at Anda. And this reference to a restriction on orders did not -- this particular restriction did not exist in 2006, correct?

MR. MATTHEWS: Objection.

THE WITNESS: Not in the form that it's described there.

BY MR. NOVAK:

Q. Okay. Well, let's go through the restrictions that are referenced here.

The first one that is stated underneath this bullet point states: A warning message is displayed to the sales rep stating that the line item attempting to be ordered exceeds the customer's monthly dosage unit limit.

Do you see that reference?

A. Yes, I do.

Q. Is that a -- an automated step that was placed into TPS in July of '07?

A. That version of it, yes.

Q. Okay.

A. It existed before looking at a different limit at the line item level.

Q. Okay. So there was a line item limit before at the unit level, and in 2007, it was switched to a limit at the family level?

A. Correct.

MR. MATTHEWS: Objection.

BY MR. NOVAK:

Q. Okay. And TPS had an automated message that would display to a sales representative if a customer order exceeded the limit?

MR. MATTHEWS: Objection.

THE WITNESS: Correct.

BY MR. NOVAK:

Q. Okay. Now, we -- we talked earlier about how back in 2006 customers would learn -- I'll ask a different question.

Looking to the next bullet point, you wrote: If the order is attempted to be entered via one of the electronic methods, the order is rejected and not processed any further.

That's what you wrote?

A. I wrote that.

Q. And does that reflect the manner in which the system operated following the changes that were instituted in July of 2007?

A. I'm not sure if that was 2007 or before. The way that is written, it appears to refer to EDI order methods that are -- they are not an active engagement of entering the order. It's a system ordering. Those orders are rejected before they get to TPS. That's what I'm referring to.

Q. Okay. You used a term that I don't recall us discussing this morning: EDI.

What is that?

A. Electronic data interchange.

Q. Okay.

A. I did refer to that at the order entry methods at the very beginning.

Q. Entirely possible.

The Electronic Data Interchange is part of the Internet system of ordering?

A. No.

Q. CSOS?

A. No.

Q. In what context would the Electronic Data Interchange arise as it's referenced in your bullet point here?

A. Large warehousing chains, chain stores would transmit orders via EDI.

Q. Okay.

A. It's a way for mainframes to talk to each other.

Q. We discussed the methods by which customers would submit electronic orders for controlled substances this morning. Is an EDI order from a large warehouse or larger customer be an additional way for a customer to place a controlled substance order with Anda?

MR. MATTHEWS: Objection.

THE WITNESS: For a III through V, yes. Not

for a Schedule II.

BY MR. NOVAK:

Q. Okay. Now, the next bullet point that you wrote in 2010 states: Our systems do not record and track attempted orders regardless of order entry method.

Do you see that reference?

A. Yes, I do.

Q. Was that accurate in 2006?

A. Yes, it was.

Q. And continued to be accurate from that point through 2010?

A. Yes, it was.

Q. Okay. Now, I want to go next to the follow-on bullet point which begins with you writing: In regards to increases of limits, we will submit the current SOP (OPS 035 - Anda - SOP - Controlled Substance Monthly Override.)

Do you see that reference?

A. I do.

Q. Can you tell me what that SOP is?

A. That's an SOP that documents how a customer and/or a sales rep would obtain a review and possibly an increase of controlled substances for the

customer.

Q. Okay. Now, that was not identified as a standard operating procedure that related to Anda's suspicious order monitoring system as it was in effect from 2006 through the present in Anda's supplemental discovery response, was it?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure.

BY MR. NOVAK:

Q. Okay. Do you consider that -- going back to the discovery response that is Anda Exhibit 2, Page 9, the chart.

A. Yeah.

Q. If you were writing this today, would you have included SOP 35?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, I would. I'm not sure if it exists in its current -- in that then format at this time, though. I don't -- I don't -- I'm not aware if it's been incorporated into another SOP.

BY MR. NOVAK:

Q. Right.

And I'm -- I'm not either. I'm focusing on

the time period back in -- when you were writing this in 2010.

A. Sure.

Q. At least back in 2010, SOP 35 operated as the method by which increase limits -- or limits on -- on ordering controlled substance families would be overridden.

Is that accurate?

A. I would agree. It's referenced by me as a current SOP.

Q. Okay.

MR. MATTHEWS: Just so the record is clear, the response indicates that the request for production of documents related to the SOPs that were in effect from 2006 to the present were -- was that we had already produced all documents related to that. And that, in addition, we identified those SOPs that are in effect as of the date of the response by Bates Number and SOP.

So, in fact, your characterization of the response is inaccurate, and I just wanted to make that clear on the record so that it didn't appear that somehow the response was incomplete and didn't include SOP 35, which obviously had been

produced to you as we represented in the document when we made the response.

MR. NOVAK: This is something we can talk about off the record. You have made your clarifying comments.

I -- I can tell you, we haven't found SOP 35, but we -- we can discuss it at a break.

BY MR. NOVAK:

Q. Now, underneath, we were looking at your document prepared in July of 2010 that is Anda Exhibit 8. And the next bullet point that we have been reviewing relates to increases of limits.

The first bullet point under that states: While brief, it does not outline what is done in regards to reviewing data in order to consider and grant an increase.

Do you see that reference?

A. Yes, I do, but it actually says it does outline what is done in regards to reviewing data.

Q. Oh, I'm sorry. Did I misread it?

A. You said does not.

Q. Okay. Thank you for -- for correcting.

So does -- are you writing there that SOP 35 -- okay.

So the manner in which data is reviewed for purposes of determining whether a customer would get an increase over the 5,000 unit family limit is set out in SOP 35?

A. Yes.

Q. As of this time in 2010?

A. Yes. But what's not here, for context, is the list of questions or asks that the DEA had of me that led me to draft this document.

I don't know what I'm answering.

Q. Okay. Well, let me ask you: What is it that DEA was asking that you feel is important to give context to drafting this document?

A. Oh, what I'm saying is I don't know the specific questions that I was addressing here in those bullets. A DEA audit is sitting at a conference table much like this where we go through the formalities of security, access, inventory accountability, physical security of the product, so on and so forth.

And then it moves to a management discussion. The management discussion has a list of asks and usually has a sampling of a list of customers that they wish to look at.

It's obvious that there were some asks related to these topics, but I don't know what the specific asks were in my notes that led me to draft this document.

Q. Okay. The next bullet point that I want to direct your attention to in Anda Exhibit 8, Page 2, is where you wrote: We can speak to the details of information that is looked at while considering an increase in the level of the increase.

And then it says: Need to discuss the ranges below.

You wrote that in 2010?

A. Yes.

Q. Okay. Now, there are three different ranges that are set out below: One for a customer who's

[redacted]

Is that accurate?

A. Yes.

MR. MATTHEWS: Objection.

BY MR. NOVAK:

Q. Okay. For the first one, these are for customers that you would be allowed to increase the [redacted]

MR. MATTHEWS: Objection.

THE WITNESS: The primary bullet talks about considering an increase.

BY MR. NOVAK:

[redacted]

A. Those are --

MR. MATTHEWS: Objection.

THE WITNESS: Those are factors. I don't

know if they are all the factors.

BY MR. NOVAK:

Q. Okay. And then, similarly, in addition to those factors, if you -- or if an Anda compliance employee wanted to give a -- an even larger increase in the control limit to a customer, you wrote: Above plus report from customer detailing products, dispensed products, and customer questionnaire.

Do you see that?

A. Yes, I do.

Q. Okay. Was it your understanding that for customers who were getting increases in their control limits back at this point in 2010 that Anda was collecting dispensing data for those customers that

[redacted]

2010, was it Anda's practice not to typically gather and review dispense data?

MR. MATTHEWS: Objection.

THE WITNESS: Not necessarily. It was an

individual customer review, and every customer was evaluated individually.

BY MR. NOVAK:

Q. Okay. And then for customers who got more [redacted] substance, you wrote in the third bullet point: All above plus site visit.

MR. MATTHEWS: Objection.

BY MR. NOVAK:

Q. Correct?

MR. MATTHEWS: Objection.

THE WITNESS: Yes.

BY MR. NOVAK:

Q. Were you recording there that customers who [redacted] substance like OxyContin or fentanyl would not be allowed to do so unless an Anda compliance representative went out and performed a site visit?

MR. MATTHEWS: Objection.

THE WITNESS: This describes a practice. It's not saying emphatically that that happened on every one of them.

BY MR. NOVAK:

Q. Okay. That it was the general practice that

for customers who were buying quantities in excess of [redacted]

typically --

A. Yes --

Q. -- receive site visits?

MR. MATTHEWS: Objection.

Wait for the answer and give me a moment to object, please -- wait for the question, I mean.

BY MR. NOVAK:

Q. And then the next bullet point after that states: We will submit the Legacy report parameters for suspicious and excessive orders.

And underneath that, it states: These reports were submitted to DEA prior to 2007 meeting in Washington D.C.

First of all, the reports that were submitted to DEA prior to the 2007 meeting, is that a reference to the suspicious order and excessive order reports that at one time Jay Spellman would submit to the DEA on a periodic basis?

A. Yes, they are.

Q. Okay. You understand that Mr. Spellman ceased providing the periodic reports in that fashion after the 2007 meeting?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, I do.

BY MR. NOVAK:

Q. Okay. When you say -- or when you wrote: We will submit the Legacy report parameters for suspicious and excessive orders, what does that mean?

A. Again, I don't have the context of the specific asks that the DEA had for the review meeting. I could hazard a guess that that was in response to what our procedure was for suspicious and excessive order reporting.

Q. Okay. We haven't spoken much yet today about Anda's practices of submitting suspicious order reports to the DEA at different points in time.

Can you describe for me, starting in 2006, what the practice of -- of submitting suspicious order reports to the DEA entailed?

A. There were weekly suspicious order reports, and I believe there were monthly excessive order reports, both that had mathematical formulas looking at what that customer's purchase history had been in either a rolling 3-month period or a rolling 12-month period respectively to the suspicious and/or excessive reports.

Q. Okay. For the suspicious -- and these were reports that were submitted to the DEA in 2006 and -7, correct?

A. To the local offices, yes.

Q. Okay. The -- the trigger for reporting an order received by Anda as suspicious for -- for purposes of these weekly reports in '06 and '07, what was the trigger?

A. The mathematical formula that I referenced that's incorporated in the report parameters document.

Q. The -- what report parameters document?

A. The suspicious order reporting document.

Q. Okay. Are you indicating that the multiples used for generating the suspicious order reports are contained in the document itself that was submitted to the DEA?

A. If not in the document, in the programming that's behind it.

Q. Okay. Do you know what the multiples were that would have flagged an order as suspicious for purposes of reporting it in those documents in the '06/'07 time frame?

A. Not exactly, no, I don't.

Q. Okay. And then reports in that form ceased in the summer of '07, correct?

A. They did. After the discussions that we had with Washington headquarters and the guideline of 5,000 dosage units per month was given to us by the DEA, we deemed that we no longer had suspicious orders so long as we kept them underneath there and/or we could justify why a customer would get more based on his business practices and his data.

MR. NOVAK: Why don't we take a break. And I'm thinking a lunch break.

THE VIDEOGRAPHER: The time is 12:12. We're going off the record.

(Recess from 12:12 until 1:05 p.m.)

MR. MATTHEWS: Before we start, we had a discussion about whether OPS was in the production.

Yes, 35 was contained in the production of this case. I have found and printed for Mr. Novak's use at this deposition documents bearing Bates numbers Anda_Opioids_MDL_000277385 through 386. It is OPS 35, which was produced roughly five months ago, I believe.

MR. NOVAK: Might as well mark it now.

(Anda Exhibit 9 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked as Anda Exhibit 9 the document that Mr. Matthews just identified with the Bates Number, and I'll ask a couple follow-up questions with respect to it.

Mr. Cochrane, first, is this the Standard Operating Procedure 35 as it existed back at the time that you made reference to it at Page 2 of Anda Deposition Exhibit 8?

A. Yes, it looks like the document that would have been in place.

Q. Okay. So in the context of Anda Exhibit 8 when you were preparing -- or writing that characterization of how limits are increased for particular customers beyond a 5,000 unit level, the applicable procedure was Standard Operating Procedure 35 contained as -- or identified as Anda Exhibit 9?

MR. MATTHEWS: Objection.

THE WITNESS: Yes. It was -- in part, yes. But that doesn't necessarily mean that there weren't additional practices or procedures in place that were reviewing customers.

BY MR. NOVAK:

Q. Okay. Just that they weren't reduced to a standard operating procedure?

A. They weren't memorialized in this document, OPS 35.

Q. Okay. Now, looking at Standard Operating Procedure 35, the second page, I'd like to direct your attention.

First it indicates that the purpose of the operating procedure is to make sure the appropriate steps are followed when a customer is requesting more than 5,000 dosage units of a controlled substance family in a single calendar month.

That is your understanding as to when these steps are to be employed -- or were being employed by Anda in 2010?

A. Yes, it is.

Q. Okay. And I think some of them are sufficiently clear, but I wanted to direct your attention, under Procedure, to the fourth step, which states, quote: Forward customer questionnaire to be filled out if percentage ratios are too high.

Now, there is no numerical threshold stated for when a percentage ratio is too high for purposes

of that step. Would that leave it up to the compliance employee to determine when to forward customer questionnaires?

A. Yes. It would be the compliance personnel.

Q. Okay. And in the exercise of their discretion, if they thought that a percentage ratio of controlled substance sales to noncontrolled substance sales was too high, then they would send a customer questionnaire to the customer to have them fill it out?

A. Perhaps. It might not be the only reason they sent a questionnaire. There may have been a questionnaire already on file.

Q. Okay. That's all I have for -- for that.

Going back to Anda Exhibit 8, however --

A. Okay.

Q. -- the statement that you wrote in Anda Exhibit 8, quote: Our systems do not record and track attempted orders regardless of order entry method.

End of quote.

Is that still true today?

A. To my knowledge, except for certain circumstances of EDI orders, it is still true.

Q. Okay. Has it been true the entire time from 2006 through the present?

A. I'm not sure.

Q. Okay. The EDI orders that you referenced, that is relegated to the context of large orders from wholesalers or other entities, or can anyone place an EDI order?

MR. MATTHEWS: Objection.

THE WITNESS: No, that is not correct. It's not in relationship necessarily to large orders. It could be referencing large customers, customers that have large systems. It's not necessarily just a wholesale order.

BY MR. NOVAK:

Q. Okay.

A. For example, Walgreens transmits orders to us from the store level to Anda via EDI. There are thousands of them per day.

Q. Okay. How many of Anda's customers typically order their controlled substances through the EDI ordering --

MR. MATTHEWS: Objection.

BY MR. NOVAK:

Q. -- process?

A. Very few customers.
Q. Okay.
A. I mean, aggregate, Walgreens is a customer. Their individual locations have the ability to order Schedules III through V via EDI.
Q. All right. In addition to Walgreens, who else orders controlled substances from Anda through EDI?
A. There are various other retail customers.
Q. Okay.
A. I can't think of any names specifically.
Q. Okay.
A. There are some chains. Thrifty White orders via EDI. It's usually the chain customers that have central purchasing systems.
Q. Just one other question with respect to Anda Exhibit 8. As it's used -- or as you wrote it in this document, how do you -- how would you describe the circumstances under which a customer places an attempted order with Anda?
A. I don't understand.
Q. Well, in the entry that we were just reading where you wrote our systems does not -- our systems do not record and track attempted orders regardless

of order entry method, what are the circumstances under which Anda would receive an attempted order as you used the term there?

MR. MATTHEWS: Objection.

THE WITNESS: If a customer, let's say for the Internet, was online in their account and they didn't have a license loaded or they didn't have a schedule loaded for a specific item they were trying to order or they ordered in excess of what their limit was, that line item would not be accepted, and they could not go any further. It would not transmit that order from the Internet to TPS. It would not create an order.

BY MR. NOVAK:

Q. Okay.

A. Same goes for the order entry methods within TPS for the telephonic sales.

Q. Okay. How about for paper, 222 Forms? Are there orders that, as you use the term here, would be attempted orders that are never entered into the system --

A. Those would go --

MR. MATTHEWS: Object.

///

BY MR. NOVAK:

Q. -- in paper?

MR. MATTHEWS: Objection.

THE WITNESS: Those would go through the same process as the telephonic sales. As they were attempting to be ordered in TPS, they would not proceed. It would not let them accept an order.

BY MR. NOVAK:

Q. Okay. And then switching back to Exhibit 9, the Operating Procedure 35, do you know if between the period of 2007 through 2010 whether any of the procedures set forth in Standard Operating Procedure 35 were embedded into the TPS system in an automated fashion?

MR. MATTHEWS: Objection.

THE WITNESS: An automated fashion as in how?

BY MR. NOVAK:

Q. As in reviewing a 5,000 dosage unit limit to make a determination as to whether it should be increased.

A. No.

MR. MATTHEWS: Objection.

THE WITNESS: There was no TPS programming that was doing any determinations.

BY MR. NOVAK:

Q. Okay.

(Anda Exhibit 10 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked as Anda Exhibit 10 a document bearing the Bates pages 277387 and 38 -- I'm sorry -- through 389. It's a three-page document that appears to be a version of Standard Operating Procedure 28.

Mr. Cochrane, we had reviewed earlier versions -- and I think later versions -- of SOP 28. Is this the version that became effective in May of -- I'm sorry -- September 26 of 2008?

A. That appears accurate, yes.

Q. Okay. Now, looking at this particular version of Standard Operating Procedure 28, it includes certain requirements for collection of information from customers that were not in the initial standard operating procedure that issued in 2004.

Is that accurate?

A. I'm reading it.

Would you restate that question?

Q. Looking at this -- I'll just reread it.

Looking at this particular version of Standard Operating Procedure 28, it includes certain requirements for collection of information from customers that were not in the initial standard operating procedure that was issued in 2004.

Is that accurate?

A. I believe it to be.

Could you point me to the other exhibit that you're referencing?

Q. So we can do a comparison?

A. Is it Number -- Number 3? Yes.

Q. Yes.

A. The answer to your question is yes.

Q. Okay. And in particular is the modification for this version of SOP 28 simply to reflect that chain stores may submit their information in a different manner than nonchain stores, as set out in Procedure 3.0(D)?

MR. MATTHEWS: Objection.

THE WITNESS: Yes. This would describe additional steps for stores that were -- or chains that were greater than 50 stores.

///

BY MR. NOVAK:

Q. And then in the third page of the standard operating procedure, there is a system set forth for comparing and matching DEA registration files that's added.

Is that correct?

A. That's correct.

Q. Does that relate only to chains or to any store?

A. Which portion?

Q. The registration file collection of information from the Department of Justice via CD.

A. I believe this subpart B is referring to a deliberate action of checking the chain listing against that DEA CD. The DEA CD information that we were receiving at that time was uploaded to TPS. So we had access for that -- for all of that. But this is describing a deliberate action to the chain store listing.

Q. Okay. Now, as of this point in time in 2010, there is not a requirement that a customer submit a customer questionnaire in order to be eligible to purchase controlled substances from Anda, is there?

MR. MATTHEWS: Objection.

THE WITNESS: I don't know that there's a requirement. There had been requests for questionnaires dating back to 2007.

A questionnaire is just one element of what is used to qualify a customer for controls.

BY MR. NOVAK:

Q. Okay. At any rate, a customer questionnaire obligation had not been placed into Standard Operating Procedure 28 as of this point in time, correct?

A. Not to my knowledge at this point, no.

Q. Okay.

(Anda Exhibit 11 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked next Anda Exhibit 11, which is an e-mail dated December 13 of 2011 from Michael Cochrane to multiple individuals at Anda, including yourself. And attached to the e-mail is a modified -- or what appears to be a modification to the Standard Operating Procedure 28.

The document is Bates Number 112251 through -- well, it appears to be out of order, at least mine is -- 11251 through 259.

And it includes two attachments. The first is on the third page of Anda Exhibit 11 bearing the Bates Number 112253.

A. Okay.

Q. Is that the questionnaire -- or the customer questionnaire that Anda included in its Standard Operating Procedure 28 starting in 2011?

MR. MATTHEWS: Objection.

THE WITNESS: Based on looking at it, it looks like a document that has a revision date of 11/16 of '11. The SOP, the last page of that exhibit, references August 2011. And the description is: Include CQ and DD requests, which I assume to be customer questionnaire and due diligence requests.

BY MR. NOVAK:

Q. Now, specifically, the -- if we look at the Standard Operating Procedure 28, as you referenced, August of 2011 is when the standard operating procedure was modified to require the customer questionnaire.

And I'm not sure if it's due diligence or dispense data.

MR. MATTHEWS: Objection.

THE WITNESS: Was there a question there?
MR. NOVAK: I'll break it up into two questions.
BY MR. NOVAK:
Q. So it was August of 2011 that Anda first modified its standard operating procedure to include a customer questionnaire submission obligation?
MR. MATTHEWS: Objection.
THE WITNESS: I haven't determined that yet. I would like to read this document.
MR. NOVAK: Okay.
MR. MATTHEWS: By standard operating procedure, you're referring to SOP 28?
MR. NOVAK: Yes.
THE WITNESS: Okay. Can you reread?
BY MR. NOVAK:
Q. My -- my first question relates to simply the revision history.
A. Okay.
Q. Is August of 2011 the time period when Anda first began requiring the submission of customer questionnaires as part of its written standard operating procedures?
A. What I can confirm related to August '11 and

customer questionnaire and due diligence information is that that is when that language in Section 3.1 B was modified, specifically: All new and reactivated customers that wished to purchase controlled substances are required to complete our due diligence documents which include our customer questionnaire.

Q. Okay. And that was the first time that was required as part of Anda's written standard operating procedures for customers wishing to purchase controlled substances?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure what would have been in the September 26th of '08 change management description of the revision history.

BY MR. NOVAK:

Q. Now, we had reviewed the version of standard operating procedure that existed on May 21 of 2010, and the customer questionnaire obligation was not included in that document, correct?

A. You'll have to point me back to it. It's Exhibit 10?

Q. Yes.

A. Correct, it was not in there.

Q. Okay. So by reviewing Exhibit 10, is it your

understanding that the first time these due diligence and customer questionnaire obligations were incorporated into Anda's written standard operating procedures was in August of 2011?

A. Yes, that appears correct.

(Anda Exhibit 12 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked as Anda Exhibit 12 a version of the standard operating procedure entitled "Information to Set Up a New Account," and the Bates pages are 84434 through 84437. And my questions on this are relatively simple.

By looking at the revision history of the document on the last page, can you determine as to whether from the period of August of 2011, the last version of the document that we looked at, through August 26th of 2014, that no changes were made?

A. I can't determine that based on that revision hit.

Q. Okay. Well, let's talk more generally about the use of revision histories at the end of standard operating procedures at Anda.

In instances where modifications to Anda's

procedures are made, are those modifications reflected in the change description column of the revision history?

A. I can't say that they always are.

Q. Okay. So there are instances where there may be a modification to the -- to the standard operating procedure and it is not reflected in the change description column?

A. That could be incorporated into the review description.

Q. Okay. At any rate, you are not aware of any modifications -- and you can take a moment to review them -- of the standard operating procedure as it related to new customers between August of 2011 and August 26th of 2014, correct?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not aware of -- of any changes.

BY MR. NOVAK:

Q. Okay.

A. I see formatting changes when comparing Page 1 to Page 1 of the document.

Q. Now, looking at the standard operating procedure in Anda Exhibit 12, I'd like to draw your

attention to the top of the second page.

There's a bullet point there that says: In most cases, we also require the submission of a dispensing log of controlled and noncontrolled substances dispensed by the pharmacy. The allocation of all controlled substance chemical families to 1,000 dosage units for newly reactivated customers and have excluded oxycodone and methadone products from availability until we can confirm that the customer is acting in accordance with the Controlled Substance Act.

Do you see that reference?

A. I do.

Q. Was that first incorporated as an obligation in the standard operating procedures in August of '11?

MR. MATTHEWS: Objection.

THE WITNESS: I'm -- I'm not sure. I would have to look at the documents.

BY MR. NOVAK:

Q. If you want to take a moment to review them for purposes of answering that question, you can.

MR. MATTHEWS: The question is limited to Standard Operating Procedure 28?

MR. NOVAK: Yes.

THE WITNESS: Okay.

BY MR. NOVAK:

Q. Do you recall my question?

A. Yeah.

The August '11 version is the first time I see that appearing in the SOP document.

Q. Okay. Now, the obligation as it's contained in the standard operating procedure says that: In most cases, we also require the submission of a dispensing log of controlled and noncontrolled substances dispensed.

What are examples where Anda would not require the submission of a dispensing log for purposes of making a determination as to whether a customer can be eligible for the purchase of controlled substances in the August of '11 through August of 2014 time frame?

A. Specific reviews of individual customers are made on a subjective basis based on the compliance analyst and the compliance department reviewing them. If they felt they had sufficient information through the other methods, they may not require that log.

Q. Okay.

(Anda Exhibit 13 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked as Anda Exhibit 13 a document bearing the Bates page Anda 36519 through Anda 36521, which is -- appears to be an additional version of Standard Operating Procedure 28.

Again, directing your attention to the third page of the exhibit in the revision history contained there, is the primary purpose of the revision to the Standard Operating Procedure 28 as it is referenced here the additional licensure information?

MR. MATTHEWS: Objection.

THE WITNESS: That's what's written in the change description for January 5th of 2015. I haven't reviewed the content yet.

BY MR. NOVAK:

Q. And looking at Page 2 of this version of Standard Operating Procedure 28, bearing the Bates number 520 on the bottom --

A. Okay.

Q. -- the language with respect to dispensing data appears to be unchanged. And specifically I'll draw your attention to the bullet point which reads:

In most cases we also require the submission of a dispensing log of controlled and noncontrolled substances dispensed by the pharmacy.

It's still -- at this point in 2015, is it up to the discretion of compliance personnel as to whether a log of dispensing data will be required in order for a customer to purchase controlled substances?

A. Compliance is still reviewing the individual customers. Whether or not the practice is a hard rule on a requirement or it is practice as it is memorialized in this document, I can't be a hundred percent sure at this point right now.

Q. Is there a period of -- well . . .

(Anda Exhibit 14 was marked for identification.)

BY MR. NOVAK:

Q. Before we leave Exhibit 13, that is, as far as you can tell, an accurate copy of the standard operating procedure that was in effect as of the time that is referenced in the revision history?

A. Yes.

Q. Okay. The next document we have had marked is Anda Exhibit 14, which appears to be yet another

version of Standard Operating Procedure 28. It appears that the title of the document has changed to "Customer Due Diligence."

Looking at the page ending in the Bates page numbers 205 -- and, again, looking at the language with respect to dispensing data, it continues to state: In most cases, we also require the submission of a dispensing log of controlled and noncontrolled substances dispensed by the pharmacy.

At least for purposes of Standard Operating Procedure 28, it was still up to the discretion of compliance personnel at Anda as to whether dispensing data would be required as a prerequisite to the purchasing of controlled substances; is that correct?

MR. MATTHEWS: Objection.

THE WITNESS: Yes. Correct.

MR. NOVAK: I think that's all I have for SOP 28.

Why don't we take a quick break so I can get the next batch of documents.

THE VIDEOGRAPHER: Off the record at 1:51.

(Recess from 1:51 until 1:58 p.m.)

(Anda Exhibit 15 was marked for identification.)

THE VIDEOGRAPHER: The time is 1:58 p.m. We are now back on the record.

BY MR. NOVAK:

Q. We have had marked Anda Deposition Exhibit 15, which is a multiple page document bearing the Bates numbers 527935.

The first page is an e-mail from Robert Williamson to Jay Spellman dated September 9th of 2016, but I'm more interested in the next three pages of the document, which appear to be Standard Operating Procedure 40. And the version, looking at the revision history is Version 4 -- 40.01.

Is that an accurate description as to what this document is?

A. Yes.

Q. Okay. And was this the version of the standard operating procedure for Anda related to suspicious order monitoring in effect as of April 5 of 2012?

A. It appears that this is SOP 40 from April of 2012, yes.

Q. So at this point, Anda had a written standard operating procedure that involved the holding of orders of interest as part of its suspicious order

monitoring system; is that correct?

A. Yes.

Q. And was that, as of April of 2012, an automated process?

MR. MATTHEWS: Objection.

THE WITNESS: The orders going on hold was automated, yes.

MR. NOVAK: Yes.

BY MR. NOVAK:

Q. And specifically looking at the scope of the suspicious order monitoring SOP, the page that ends in 936, it states: Orders of interest are captured using historical sales information with a user defined time frame by looking at past averages of the following using a user defined multiplier.

Do you see that reference?

A. I do.

Q. And then there are various metrics that are referenced as bullet points underneath that to which the defined multiplier is multiplied. Is that your understanding as to how the suspicious order monitoring system at this point in time works?

A. Yes.

Q. Okay. And specifically, is there a

particular user defined multiplier that you are aware of for how SOP 40 was implemented in the 2012 time frame?

A. I'm not aware of the exact number that was used when it was implemented. You would need to refer to the compliance department for that.

Q. Okay. And is your understanding of how the suspicious order monitoring program worked is that it would take these different four metrics that are referenced in a bullet point and if the user defined multiplier times one of those metrics exceeded a particular threshold, then the order that had been submitted to Anda would be held for review?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, I do.

BY MR. NOVAK:

Q. Okay. By the way, we have been talking about different standard operating procedures. Up through the time that this version of Standard Operating Procedure 40 went into effect, was there a -- in April of 2012, was there an automated standard operating -- I'm sorry, an automated suspicious order monitoring system embedded into TPS?

A. It's just a portion of it, but, yes, it was

in TPS.

Q. Okay. I'm saying prior to this version that existed in April of 2012, was there an automated version of a suspicious order monitoring system embedded within into TPS?

A. Yes. I believe it went into effect in December of '11.

Q. Okay. And is it your understanding that this -- the document that we have as Anda Exhibit 15 includes all of the provisions that were in effect when the original issue came out in December of 2011?

A. I'm unsure of the version changes.

Q. Okay.

A. Not from looking at this document.

Q. Okay. Can you explain for me in your own words how the suspicious order monitoring system embedded within TPS as of April of 2012, when this document was created, how it would suspend or hold orders for review?

MR. MATTHEWS: Objection.

THE WITNESS: The mechanics of how it would do it?

BY MR. NOVAK:

Q. Yes.

A. After the order was entered in TPS, it would go against these -- the programming that was put in place to monitor those four bullets. If one of those or more of those triggers were hit, the order would go on hold.

Q. Okay. And once it went on hold, what would the process for reviewing the order to make a determination as to whether it could be released to the customer, how was that process performed?

A. It was performed by compliance analysts within the compliance departments, as outlined in this document.

Q. Okay. What were the steps -- once an order was held as an order of interest, what were the steps that someone in the compliance department would undertake in order to determine whether to ship the order to the customer or suspend it?

MR. MATTHEWS: Objection.

THE WITNESS: Are you asking me to read through the steps that are taken?

BY MR. NOVAK:

Q. If you can simply provide your testimony as to how Anda performed that function during 2012, I'd -- I'd like your characterization on it.

MR. MATTHEWS: Objection.

THE WITNESS: The compliance department would follow the SOP and go through the steps that are outlined in that SOP to review the individual order and customer information on file.

BY MR. NOVAK:

Q. Okay. And when you say "the individual steps," do you mean the steps that are set forth under "Procedure" at the page of Anda Exhibit 15 that ends in 36?

A. Yes. It could be one, some, or all of those.

Q. Okay. So a compliance employee would determine whether the order had been stopped based on -- or -- or figure out which of the metrics was the basis for holding the order to begin with.

MR. MATTHEWS: You have to say "yes" or "no."

THE WITNESS: Yes.

BY MR. NOVAK:

Q. And then the compliance employee would refer to TPS as the next step?

A. Correct.

Q. Okay. And the information that they were looking at in TPS was first to pay attention to what city or state the request from the customer came

from, and then also to determine if a customer questionnaire was on file?

A. Yes.

Q. Okay. The next step in the process that is referenced is -- states: Determine if customer had previously been reviewed or grandfathered into control eligibility.

You see that step?

A. I do.

Q. Is it your understanding that Anda had customers as of this time who had been grandfathered into control eligibility?

MR. MATTHEWS: Objection.

THE WITNESS: It is not, but it is certainly possible depending on what their history had been and whether or not we had questionnaire or data on file.

BY MR. NOVAK:

Q. Did you have an understanding as to a grandfathering process that existed for old customers of Anda?

A. Generally, a grandfathered customer would be someone who had access to controls prior to one of the events that were outlined as part of our evolving

process of eligibility for customers to have control access.

Q. Now, I'm not going to go through each of the steps that the compliance manager would take in evaluating whether to release the order. Is it fair to say that those are the steps that are outlined in Roman numerals I through VI in Anda Exhibit Number 15?

A. Yes. Those are the steps that could be taken --

Q. Okay.

A. -- to review.

Q. Now, once a determination was made by a compliance officer that they could release the order -- in other words, ship it to the customer -- did they have to enter the basis upon which the order was released?

A. I'm not aware of a requirement to do that.

Q. Okay. At any rate, there is referenced at the bottom of Anda Exhibit 15 the page bearing the numbers -- the end numbers 937, a list of reasons why held orders could be released.

Is that correct?

A. Yes.

Q. And -- and those follow over onto the -- the next page of Standard Operating Procedure 40, correct?
A. Yes.
Q. Are those the eight reasons that a compliance personnel could rely upon for purposes of determining that a held order could be released and shipped to the customer?
MR. MATTHEWS: Objection.
THE WITNESS: Those are the eight that are listed on this document, yes.
BY MR. NOVAK:
Q. Are there instances of which you are aware where held orders were released to customers without the compliance personnel making a determination that the orders could be released for one of the eight reasons that's referenced on these two pages?
A. I'm not aware of any individual transactions in that manner.
Q. That's all I have for 15.
(Anda Exhibit 16 was marked for identification.)
BY MR. NOVAK:
Q. We've had marked as Anda Exhibit 16 a

document bearing the Bates number Anda 140430 and 31. And then one of the attachments to the document is what appears to be Standard Operating Procedure 40 bearing the Bates Numbers 140495 through 497.

And my questions are primarily addressed to the standard operating procedure that are the last three pages of Anda Exhibit 16.

Mr. Cochrane, in reviewing the revision history that is set forth at the last page of this version of Standard Operating Procedure 40, can you make a determination as to when this version of SOP 40 would have been in effect?

A. This tells me February of 2015.

Q. Okay. Is it your understanding that that's the document that would have been in effect between February of '15 until the next point in which the SOP was revised?

A. Yes.

Q. That's all I have for SOP 40.

(Anda Exhibit 17 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked next Anda Exhibit 17, which is a document bearing the Bates numbers Anda 571720

through 723, and I only have one question, I think, with respect to Anda Exhibit 17.

Is this a document that Anda received as a registrant under the Controlled Substances Act on or about February 7th of 2007?

A. Yes, I believe everybody received this -- every registrant received it.

Q. Okay.

(Anda Exhibit 18 was marked for identification.)

BY MR. NOVAK:

Q. We have next marked Anda Exhibit 18, which is a document bearing the Bates Number Anda 276156 through 276157 and is a two-page document from Joseph Rannazzisi at the Department of Justice Drug Enforcement Administration to -- addressed to Anda.

Is this a document that Anda received from the Department of Justice Drug Enforcement Administration on or about December 27th of 2007?

A. Yes.

Q. Do you know if Anda Exhibits 17 and 18 were reviewed by the individuals in Anda's compliance program for purposes of administering their suspicious order monitoring system?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, I can confirm that they were reviewed. I don't know to what end and for what purposes.

BY MR. NOVAK:

Q. Mr. Cochrane, do you have a basic understanding of how rebates or chargebacks work at Anda?

A. Yes, I do.

Q. Can you describe for me first what a chargeback is?

A. A chargeback is a transaction between a wholesaler and a manufacturer to adjust cost based on what the sale price was of the said product, depending on the type of customer that the product went to.

Q. Okay. When you say "a transaction between a wholesaler and a manufacturer to adjust cost," whose cost is being adjusted?

A. The wholesaler's.

Q. Are you aware of instances where manufacturers provide a chargeback payment or a rebate payment to a wholesaler in exchange for receiving certain information from the wholesaler?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, but I wouldn't describe that as a chargeback or a rebate.

BY MR. NOVAK:

Q. How would you describe that?

A. There are specific clauses in vendor manufacturer contracts that allow for payment of money specific to data.

Q. Okay.

A. Commonly referred to as DSA fees.

Q. In terms of how those DSA fees are administered, are they sometimes, in terms of the revenue flow, managed in the same manner as a chargeback?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure if it's the exact same manner. There's a separate transaction for it. I don't believe that they're blended together.

BY MR. NOVAK:

Q. Are you aware of whether Anda maintains or receives rebate payments from Mallinckrodt?

A. I couldn't say for sure. I don't know the structure of our deal with Mallinckrodt at that level

of detail.

(Anda Exhibit 19 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked as Anda Exhibit 19 a document bearing the Bates page Anda 1222751 through 758.

The top page is a simple e-mail from Michael Cochrane to Robert Brown dated May 4, 2012, and the attachment to the document is entitled "Confidentiality and Restricted Use Agreement," and it appears to be an agreement entered between -- or proposed for entry between Mallinckrodt and Anda.

Have you reviewed this document before?

A. It's not familiar to me.

Q. Okay. You understand that this is the type of agreement that you made reference to providing for the use of particular information by Mallinckrodt that is in the possession of Anda for purposes of implementing Mallinckrodt's suspicious order monitoring program?

MR. MATTHEWS: Objection.

THE WITNESS: I would say this is directionally similar to what I described. What

I was describing earlier did not have specificity related to suspicious order monitoring or any DEA references.

BY MR. NOVAK:

Q. Okay. Has Anda at different times considered the use of or requested access to information about customers from different manufacturers to be utilized as part of the operation of Anda's suspicious order monitoring system?

A. I don't have specific knowledge about that. I know that there was a request for data and purchases directly to DEA post the 2007 meetings that we had with them.

Q. Okay.

A. I don't know about specifics to manufacturers.

Q. Are you aware of whether Anda has requested information from the parent companies that have owned it at various times for purposes of implementing Anda's suspicious order monitoring system?

A. I don't believe specifically to implementing a system. I believe there have been requests for information about customers that we may have had in common with our parent manufacturer.

Q. Where you would obtain information about the customer you had in common from Watson or Actavis or Teva?

A. Correct.

Q. In those instances, were you able to access information from Watson or Actavis or Teva for purposes of assisting the implementation of Anda's suspicious order monitoring system?

MR. MATTHEWS: Objection.

THE WITNESS: We have never had access to any system or data at the parent.

BY MR. NOVAK:

Q. Have the parent -- I'm sorry.

Well, that answers it as to the parent.

How about for other manufacturers?

A. We don't have access to other manufacturers' data.

Q. Okay. Have you provided to other manufacturers any data of Anda with respect to its customers?

MR. PUIG: Objection.

MR. MATTHEWS: Yes, we have.

BY MR. NOVAK:

Q. Which manufacturers?

A. Any of the manufacturers that we would have set up where there were specific contractual outlines where we would provide sales-out data or transaction data to, we would comply with those.

Q. Okay.

A. Not specific to DEA. Not specific to controlled drugs.

Q. And do you know which of those manufacturers you provide that type of information to?

MR. PUIG: Objection.

THE WITNESS: Repeat the question.

BY MR. NOVAK:

Q. Do you know which manufacturers you provide that type of information to?

MR. PUIG: Objection.

THE WITNESS: I don't have a list of those.

BY MR. NOVAK:

Q. Do you know any of them?

A. I couldn't name names.

(Anda Exhibit 20 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked next Anda Exhibit 20, which is an e-mail thread comprised of two e-mails. The

top one is from Michael Cochrane to Patrick Cochrane dated July 13th of 2012, and the underlying one is from Michael Cochrane to Albert Paonessa with Robert Brown cc'd dated July 12th of 2012.

There are some particular portions of this e-mail that relate to chargeback or rebate information that I would like to direct your attention.

I should, before I do that, I will also mention that the Bates page number is 86344 and 45.

And specifically the portion of the exhibit that I wanted to direct your attention to as it relates to rebates is down at the bottom paragraph of the first page of Anda Exhibit 20 where it states, quote: We have also had numerous productive phone calls with Mallinckrodt regarding due diligence and order monitoring. I have suggested we work together and keep the lines of communication open.

I specifically brought up Rite Aid, but they did not have anything positive or negative to say. They are only analyzing oxycodone 15 and 30 milligram utilizing their chargeback process. They do not have the same visibility on their small milligram combination products of oxycodone or any other

controlled substance products.

We recently found out they are starting to work with a smaller regional chain near their corporate location to learn and understand more about the chain business. They are starting small to develop a process on how they will manage their customer files with regard to direct deals with their larger national chain customers, whether they are a warehousing chain for CIIs or not.

Now, in that reference, it states that Mallinckrodt is using their chargeback process to analyze oxycodone 15 and 30.

You see that reference?

A. I do.

Q. Okay. Can you explain to me what information would be available to Mallinckrodt by virtue of their chargeback process with Anda that would assist them in analyzing 15- and 30-milligram oxycodone utilization?

MR. MATTHEWS: So I'm going to object to this as outside the scope of the 30(b)(6) notice. There's nothing in your notice that purports to require us to educate a witness to talk about Mallinckrodt's information.

I'll also object on the ground that to the extent you have purported to ask us -- ask him based on his personal knowledge, there is no foundation that he has any information about what was in Mallinckrodt's mind, what Mallinckrodt understood.

But if you want to go ahead and speculate for Mr. Novak, please feel free to do so.

MR. NOVAK: Well, James, that one was a whopper of a speaking objection that violates the protocols that are in place in this proceeding.

And there is a category within the 30(b)(6) requests with respect to rebate programs. It's Number 11.

MR. MATTHEWS: The information that Mallinckrodt obtained from other distributors and wholesalers about chargebacks has nothing to do with any rebate agreement between Anda and Mallinckrodt or anybody else.

I understand that you guys are interested in rebates and chargebacks and how they work, but you should ask Mallinckrodt what its knowledge is about what information it obtained from chargebacks and rebates. You shouldn't be asking

my witness what Mallinckrodt got. It's -- you want to talk about patently beyond the scope of the reasonable rules, that is that.

BY MR. NOVAK:

Q. As part of the 30(b)(6) notice of deposition today, Mr. Cochrane, did you understand that one of the topics you were to be prepared to testify about is the rebate process between -- or chargeback process, as we've called it, as between manufacturers and Anda?

MR. MATTHEWS: You know, if we are going to get into a lawyer's fight on the record, that's not what your notice says. It doesn't say the chargeback process generally. There's one topic that relates to rebate agreements between Anda and any manufacturers. You want to ask him about rebate agreements between Anda and manufacturers, he is prepared to answer. Go ahead.

But asking him about what Mallinckrodt understood in connection with chargeback information it may or may not have obtained from other wholesalers is, you know, not within that topic and not within his personal knowledge. There is no foundation for him to offer that

testimony unless you can ask him and he says he talked to Mallinckrodt individuals personally and that's what they told him.

MR. NOVAK: Somewhere in the record I have to find the actual pending question.

BY MR. NOVAK:

Q. Okay. The question -- and I'll rephrase it -- is: Can you explain to me what information would be available to Mallinckrodt by virtute of their chargeback process with Anda that would assist in analyzing 15- and 30-milligram oxycodone utilization?

A. The process related to chargebacks is not specific to oxycodone. It's not specific to controlled substances. It's specific to how the rules of engagement are with the manufacturer and the wholesaler.

If the manufacturer sells that product to us at a price and there are indirect contracts or there are different price concessions offered to certain classes of trade and/or customers within certain classes of trade, Anda invoices at that price.

Chargeback transaction is created back to the manufacturer to make us whole on what we paid for the

product versus what we sold it out at. That would be line item detailed data to the registrant to the location that Anda shipped the product to.

Q. When you say "line item detailed data" as part of that answer, what type of data would that be for purposes of administering the chargebacks?

A. The date of the transaction, a specific order or invoice reference number that was Anda's number, the customer that we shipped it to, the distribution center that we shipped it from, the item number, the item description possibly, and the quantity.

Q. Okay.

A. And of course the price.

Q. Okay. Now, continuing with Anda Exhibit 20, there are a few other statements made within the exhibit that do not relate to the chargeback arrangement with Mallinckrodt that I wanted to ask you about.

The first part of Michael Cochrane's e-mail to Mr. Paonessa states: We are having a difficult time finding examples of good retail independence to compare to Rite Aid.

Did you have an understanding that Rite Aid was a customer that Anda was evaluating back in 2012

as to their utilization of controlled substances?

MR. MATTHEWS: Objection.

THE WITNESS: Rite Aid was a customer of ours at the time, so yes.

BY MR. NOVAK:

Q. In fact, in 2012, wasn't Rite Aid the largest, if not one of the largest, customers of controlled substances of Anda?

A. Yes, they were. We had a specific program designed to allow them access to products that they otherwise were not receiving appropriate access to via the wholesale model.

We were their primary supplier on those products.

Q. Were controlled substances some of the products for which you were a primary supplier to Rite Aid?

A. Yes.

Q. In 2012?

A. Yes.

Q. All of their stores or only some?

A. Many of their stores. I can't say all of them.

Q. Okay. And in the versions of the Standard

Operating Procedure 28 and 40 that you identified earlier as being applicable in the 2012 time frame, would those have been applied to Rite Aid?

A. Portions of it could be, yes.

Q. Okay. Was there any type of alternative system that was put in place as it related to Rite Aid?

MR. MATTHEWS: Objection.

THE WITNESS: System how?

BY MR. NOVAK:

Q. In terms of evaluating the eligibility of Rite Aid stores for the purchase of controlled substances.

A. There was extensive data review of Rite Aid usage.

Q. More so than -- than other chains?

MR. MATTHEWS: Objection.

THE WITNESS: Rite Aid was -- was a chain. More so than other chains? Not necessarily.

BY MR. NOVAK:

Q. Now, Michael Cochrane writes in his e-mail to Mr. Paonessa, looking at the third paragraph of that e-mail, quote: There will be some stores that we have questions on. Specifically one in Tennessee

[redacted]

You see that reference?

A. I do.

Q. Do you know whether there were any Rite Aid stores such as this one in Tennessee that Anda determined they would not supply controlled substances to?

A. There were definitely Rite Aid stores that Anda did not supply controlled substances to. Whether or not it was determined based on criteria like that or other, I'm not sure of.

Q. Okay. When you say you're definitely -- there were definitely Rite Aid stores that Anda did not supply controlled substances to, was that based on a determination that they were declined for eligibility to purchase controlled substances, or for some other reasons?

A. Yes, there were stores that were declined.

Q. And the reason they were declined was what?

MR. MATTHEWS: Objection.

THE WITNESS: Review of their data, review of individual stores attributes. It could be anything else that's in our program of criteria to vet a customer. There were also ongoing discussions with Rite Aid, that this e-mail alludes to.

BY MR. NOVAK:

Q. And those discussions related in part to finding appropriate data benchmarks against which Rite Aid's dispensing data could be compared for analyzing their orders?

A. That's definitely one element of it.

Q. What are the others?

A. I haven't read the entire e-mail. You are asking me to recall an e-mail from almost seven years ago.

It also refers to a data review that I talked about.

Q. Okay. The second page of the e-mail makes reference to "being hopeful that Anita can come through with IMS data."

Do you know what that's in reference to?

A. I would like to read it.

Okay. Anita worked in the sales reporting

department, and she had access to IMS data related to prescriptions, aggregate level data that Michael looks like he's referring to to create a comparison in that ZIP code as compared to the ZIP codes of the Rite Aid stores.

Q. Okay. So if I understand it correctly, there are a number of different data sources that Michael is evaluating for purposes of determining whether those data sources could be of assistance to review control eligibility for Rite Aid stores.

Is that a fair characterization?

MR. MATTHEWS: Objection.

THE WITNESS: Yes. Based on this, it is.

BY MR. NOVAK:

Q. One of those sources of information is IMS data?

A. I would not categorize that as the primary source.

Q. Okay. Another source of information would be information provided by Mallinckrodt in their chargeback process?

MR. MATTHEWS: Objection.

THE WITNESS: I don't believe that Mallinckrodt ever provided any data to us related

to their chargebacks data that they had from other registrants that were distributing controlled substances.

BY MR. NOVAK:

Q. Okay.

A. The primary sources of Rite Aid review would be the data that Rite Aid provided.

Q. Their own dispensing data?

A. These other items of data -- their own dispensing data, correct.

These other items that he's referencing are looking to be used as corroborating data to support what Rite Aid is showing.

That's what I read here.

Q. Okay.

(Anda Exhibit 21 was marked for identification.)

BY MR. NOVAK:

Q. We have had marked as Anda Exhibit 21 a document, the cover page of which is an e-mail from Sabrina Solis to Michael Cochrane and Emily Schultz dated March 7 of 2012; and then attached to that document are some thresholds and other evaluative materials as it relates to Rite Aid.

Mr. Cochrane, first let me ask: The pages of the documents starting at the Bates page numbers 81553 through 81587, are those the types of dispensing report information that you indicated would be the type of data that Rite Aid would provide and Anda would review to determine whether Rite Aid was eligible for controlled substance purchases?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, this is consistent with the type of data that would be reviewed at a store level.

BY MR. NOVAK:

Q. Okay. When Anda performed review of dispensed data, what were the factors that they looked to to make a determination as to whether a particular retail store was appropriately eligible for controlled substance purchases in Anda's mind?

A. There were a number of factors. A lot of it came down to number of prescriptions, number of items, the types of items, the ranking of said items, the number of overall dispensed units, the quantity of dispensed units as a relationship to prescription size.

Q. I'd like to direct your attention to the page

of Anda Exhibit 21 that bears the Bates range 81568.

A. 81568?

Q. Yes.

Now, for this particular store, it appears that the third highest dispensed drug is hydrocodone acetaminophen, the fourth highest dispensed drug is hydrocodone acetaminophen, the sixth highest drug dispensed is oxycodone acetaminophen, and the tenth highest drug dispensed is oxycodone acetaminophen.

Is that five different opioid products in the top ten drugs that are dispensed from this particular Rite Aid?

A. I see -- I think I see four, but it's really two families.

MR. MATTHEWS: I'm going to object on the record at this point. And I'm going to give you some leeway here, but as you well know from the responses we filed and the meet and confers we had, we objected to preparing a witness to talk about any specific customers or transactions on the ground that to do so would be unduly burdensome given that it's about 12 years of history.

And we told you we weren't going to prepare a

witness to do that, and we have not prepared a witness to do that.

I appreciate that you want to put a document in front of Mr. Cochrane to ask him about the document, but to the extent you are purporting to ask him about the transactions, we told you in advance that if you told us which transactions you wanted to ask him about, we would prepare him. You chose not to do that with the exception of two customers. This was not one of them.

So I'll give you a little leeway, but I'm going to cut you off pursuant to our objections at some point.

MR. NOVAK: Okay.

He answered the last question, right?

MR. MATTHEWS: He did. He did. I did let him answer the question.

MR. NOVAK: Okay.

MR. MATTHEWS: And then I asserted my objection.

BY MR. NOVAK:

Q. Let me just talk or inquire generally.

If a particular retailer has four or five different opioid products as the top ten products

that they dispense, does that raise any red flags for the compliance personnel at Anda who are performing the review of whether a particular customer should be eligible for purchasing controlled substances?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, it would.

BY MR. NOVAK:

Q. Okay. And why is that?

A. That is part of the program that we put together is to evaluate their data and see what products they're dispensing.

Q. And the higher the number of opioid products that are in their top ten, so to speak, the greater concern there is for Anda in terms of determining whether they are or should be eligible to purchase controlled substances?

A. Yes. It's a greater concern, and it's a trigger for receiving more information.

Q. What type of additional information would Anda seek to receive if they already have the customer's dispensing data?

A. Location demographics related to the surrounding areas. Are they servicing nursing homes? Are they servicing hospitals? Are they servicing

outpatient care centers? What is the proximity to other locations of pharmacies? And so on.

Q. Okay. So if a particular retail store had a high number of opioid products in its top ten dispensed products, would you expect Anda to approve the store absent performing the additional type of due diligence that you just described?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure. I'm not sure what other due diligence would be done before that.

MR. NOVAK: Okay.

BY MR. NOVAK:

Q. The other forms of due diligence that would be performed by a compliance staff member at Anda in evaluating a -- a retail store that has a large number of opioid products in its top ten dispensing data, would you expect that additional due diligence to be located or recorded somewhere in the compliance department files?

MR. MATTHEWS: Objection.

THE WITNESS: I would. I'm not sure where it would be memorialized, whether in a combination of the customer file or TPS or both.

BY MR. NOVAK:

Q. Okay. So the information or the due diligence would be contained in the TPS files as well as the customer files?

A. Yes.

MR. MATTHEWS: Objection.

MR. NOVAK: Okay. Let's take a quick break, and then I'm going to move on to another batch of documents.

THE VIDEOGRAPHER: The time is 2:58. We are off the record.

(Recess from 2:58 until 3:15 p.m.)

THE VIDEOGRAPHER: The time is 3:15 p.m. We are now back on the record.

BY MR. NOVAK:

Q. Mr. Cochrane, are you aware of any instances where Anda shipped what it identified as suspicious orders into either Summit or Cuyahoga Counties?

A. Yes, I am.

Q. And what examples are you aware of?

A. Examples prior to 2007 -- to the 2007 DEA meeting when we were submitting suspicious excessive reports to the DEA on a weekly or monthly basis, there were some transactions on some of those

reports.

Q. Okay. Would one of those transactions have been for New Choice Pharmacy?

A. Yes, it would.

Q. What were the circumstances under which Anda decided to ship a transaction for New Choice Pharmacy that it had identified as suspicious?

MR. MATTHEWS: Objection.

THE WITNESS: It was captured on a report of suspicious orders for -- for a weekly time period related to fentanyl patches.

BY MR. NOVAK:

Q. Okay. The fentanyl patches that were ordered by New Choice exceeded a number that would have identified the order as suspicious under the criteria being utilized by Anda prior to the summer of 2007?

A. Correct. I believe the threshold for patches was ten patches.

Q. Okay. Are you aware of -- after the change in handling controlled substances that arose out of Anda's meeting with the DEA in 2007, are you aware of whether New Choice purchased controlled substances in an amount that exceeded the 5,000 unit per family threshold?

A. No, I'm not.

Q. Do you know if adjustments were made for New Choice that would enable them to purchase controlled substances in an amount greater than 5,000 units per controlled substance family per month after --

A. No, I'm not.

Q. -- after the summer of 2007?

A. No, I'm not.

Q. Are you aware of whether Anda at one point terminated controlled substance authorization to New Choice?

A. Yes, we did.

Q. What was the reason that you terminated them?

A. Their termination was part of a review of customers that was performed in the summer or fall of 2007.

Q. And what was the factor associated with -- hold on.

Well, let me -- let me start with a different question.

The review of customers that was performed in the summer or fall of 2007, was that associated with your implementation of the restrictions that Anda had committed to with the DEA?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, it would have been.

BY MR. NOVAK:

Q. What was it about New Choice that was -- that would have made them ineligible to purchase controls based upon the restrictions that Anda had committed to with the DEA?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure of the specifics or what the final reason was to cut them off, but the compliance department made that decision as part of their evaluation.

BY MR. NOVAK:

Q. Okay. For preparing for this deposition, did you review any of the TPS entries for New Choice?

A. I reviewed their last ship date, and I reviewed their location.

Q. And their last ship date was when?

A. It was in 2007.

Q. December of 2007?

A. It might -- it may have been. It was the second half of 2007. It was after the changes were implemented.

Q. The report that was submitted to DEA as it

related to a suspicious order for New Choice, do you know when that was submitted to the DEA?

A. It was early 2007.

Q. In what form would it have been submitted?

A. Excel.

Q. Now, after the New Choice suspicious order report and the termination of -- of the method of reporting that Anda had periodically done in roughly August of 2007, when was the next suspicious order report that was submitted to the DEA?

MR. MATTHEWS: Objection.

THE WITNESS: After the changes in 2007 where we had specific limits of 5,000 dosage units, we -- we did not submit any more of those suspicious reports.

BY MR. NOVAK:

Q. Okay. I'll ask the question a little differently.

Do you have an understanding as to the next time Anda actually reported an order as being suspicious to the DEA?

A. There were customers and specific orders that were reported to DEA in August of 2007.

Q. Subsequent to August of 2007, when was the

next time that Anda reported a suspicious order to the DEA?

A. We were continuously reporting customers that we denied to do business with or customers that we ceased doing business with as they arose.

Q. Do you understand -- and let's talk about terminology for a second.

Does Anda have an understanding that reporting a suspicious order to the DEA is something different than reporting a suspicious customer?

A. Yes, we do.

Q. Okay. So my question related not to the reporting of suspicious customers but the reporting of suspicious orders.

Do you know after August of 2007 when the next time Anda reported a suspicious order to the DEA?

A. I'm unsure of the specific dates.

Q. Okay. I think we were looking at a document earlier today from 2010 where you had indicated that there had been no suspicious orders between 2007 and 2010.

Do you understand that Anda didn't make a report of any suspicious order during that time

frame?

MR. MATTHEWS: Objection.

THE WITNESS: I'm unsure.

(Anda Exhibit 22 was marked for identification.)

MR. MATTHEWS: 22?

BY MR. NOVAK:

Q. We've had marked as Exhibit Anda 22 a spreadsheet that was produced in native format bearing the Bates number 993524, and I'll -- I want to put it up on the screen for a moment.

Mr. Cochrane, we have on the screen the Excel spreadsheet that is -- that bears the Bates number that I referenced earlier and is Anda Exhibit 22. I think it's actually a little more easy to maneuver or review on the screen than it is on the paper.

Once Anda suspended the old format of reporting suspicious orders at the end of August of 2007, do you understand that the manner in which Anda reported suspicious orders, as well as other things, to the DEA after that resembled more Anda Exhibit 22?

MR. MATTHEWS: Objection.

THE WITNESS: Yes. It began as a list of

customers and specific order details of customers or orders we were not going to fill and no longer do business with. It was -- it was largely based on the guidance and threshold that the DEA had given us in those meetings related to 5,000 dosage units.

BY MR. NOVAK:

Q. Okay. Now, this particular spreadsheet has a customer cutoff tab. Is that the -- well, actually, let me just go through the different tabs --

A. Okay.

Q. -- that are included in these spreadsheets.

There is a customer cutoff tab, a controls denied tab, a controls reinstated tab, and a suspicious orders tab.

Is that generally the format that Anda's reports to the DEA took after the change in 2007?

MR. MATTHEWS: Objection.

THE WITNESS: Yes. It started with the customers cut off and the customers denied and has evolved into reinstated and suspicious also being included.

BY MR. NOVAK:

Q. Okay. Can you describe for me what the

customer cutoff tab indicates?

A. Those are customers that were previously doing business with us that Anda chose no longer to do business with.

Q. And what would be the factors leading to Anda reporting customers that were cut off to the DEA?

MR. MATTHEWS: Objection.

THE WITNESS: Review of their dispensing data, a review of their history with Anda, a review of their questionnaire, whether or not we had a questionnaire, and other item and customer attributes.

BY MR. NOVAK:

Q. Okay. Did -- did the determination to cut off a customer -- how were -- how did Anda compliance staff know that that was not based upon a particular order?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure.

BY MR. NOVAK:

Q. The next tab that is included in Anda Exhibit 22 is the controls denied tab. Do you have an understanding as to what was being conveyed to the DEA by Anda through this tab in the spreadsheet?

A. My understanding of the controls denied customers are customers that did not have previous business with us or were dormant for a period of time that looked to us for controlled substance access that we denied and would not provide.

Q. Okay. By the way, these spreadsheets that were provided to DEA by Anda, did you have an understanding that they were -- an understanding that they were cumulative? That is to say they included customers that fit within one of these categories, and as new customers were placed into those categories, the spreadsheet was supplemented to include the customers?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, I believe that to be true. I'm not certain that all of them are in this listing, but that was the idea.

BY MR. NOVAK:

Q. Okay. The third tab contained in Anda Exhibit 22 is the "Controls Reinstated" tab.

What information was Anda conveying to the DEA in the Controls Reinstated tab?

A. The conveyance to the DEA was this file and these notes that are contained within that listing.

These would be customers that demonstrated sufficient practices for us to make the determination that we would, again, sell them controlled substances.

Q. When you made reference to the comments or notes that are contained in this tab of Exhibit 22, is that Column "I," the Anda Comments?

A. Yes.

Q. And then the fourth tab contained in Anda Exhibit 2 [sic] is the Suspicious Order tab, and it lists a handful of suspicious order reports that were submitted to the DEA. The dates of the submission are referenced as May 27th of 2015, September 16th of 2015, October 14th of 2015, February 25th of 2016, and July 19th of 2016.

Is that an accurate characterization of this part of the spreadsheet?

A. That's what the file shows, yes.

Q. Are you aware of any suspicious orders having been reported by Anda to the DEA between September of 2007 and the first one in this submission, which is May 27th of 2015?

MR. MATTHEWS: Objection.

THE WITNESS: There were order line items and data included in a spreadsheet that was the very

beginning of this evolving spreadsheet all the way back in 2010. The first iteration of this spreadsheet had specific order attributes on it.

BY MR. NOVAK:

Q. There were suspicious orders reported to the DEA in 2010 by Anda?

A. That's what I said, yes.

Q. When were those reported? In 2010?

A. In 2010.

Q. I wanted to direct your attention back to Anda Exhibit 8, and specifically the second page -- and specifically the second page of Exhibit 8.

There, you wrote: We need to hold a firm stance supporting that we have not had suspicious or excessive orders since 2007 meeting with DEA in Washington D.C.

Do you see that reference?

A. Yes, I do.

Q. Okay. Are you saying that Anda -- here, you appear to be writing that Anda did not have suspicious orders from the period of September '07 through July of 2010.

Is that correct?

A. That's correct.

Q. And you did not report any suspicious orders to the DEA from the period of time August -- September of 2007 through July of 2010, correct?
A. That's correct.
Q. Okay. When was the next suspicious order that you reported in 2010 or sometime thereafter?
A. At the conclusion of this DEA inspection, we began open communication with group supervisor Gayle Lane. I personally had communication with her via e-mail and the first iteration of the report that we were looking at a few minutes ago, and that first report had orders and customers that we refused to fill.
Q. Those orders and customers would have been included on which tab of the type of spreadsheet that we were looking at --
A. Customer --
MR. MATTHEWS: Objection.
BY MR. NOVAK:
Q. -- as Anda Exhibit 22?
MR. MATTHEWS: Objection.
THE WITNESS: Customer Cutoff.
BY MR. NOVAK:
Q. You also understand that there was to be a

tab in that spreadsheet that specifically included orders that were identified as suspicious, correct?

MR. MATTHEWS: Objection.

THE WITNESS: I do not believe that that tab existed at the first iteration of that report.

BY MR. NOVAK:

Q. Okay. So you provided reports to the DEA starting in 2010 that identified suspicious -- or that identified customers who had been cut off?

A. Correct.

Q. When was the first time you identified a suspicious order as such in a report to the DEA?

MR. MATTHEWS: Objection.

THE WITNESS: It was done in conjunction with the first iteration of the report of customers that we cut off.

BY MR. NOVAK:

Q. Okay. Was it characterized in the report that you submitted to DEA as a suspicious order?

A. I'm not sure how they understood it. The line item detail and the columns and headings that we provided on that first report were clear that there was a 222 Form submitted for these quantities for that customer and we refused to do business with that

customer.

Q. Okay. Did Anda, in submitting its report to DEA, use the words "suspicious order," quote/unquote, in their characterization of what was being submitted to the DEA?

A. I don't have the specific e-mail in front of me. I wouldn't know what the exact writing was.

Q. Okay. I'd like to switch emphasis now to 2010. Was there a point in 2010 -- well, I will get this marked first.

(Anda Exhibit 23 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked for identification purposes Anda Exhibit 23, which is a document -- an e-mail from Michael Cochrane dated June 15th of 2010 to Al Paonessa and Patrick Cochrane, and it attaches an article from the Detroit News, dated June 15th of 2010, referencing the suspension of license of Harvard Drug Group.

Mr. Cochrane, did you recall when Harvard Drug Group was suspended by the DEA in the summer of 2010?

A. Yes, I did.

Q. Okay. They were a customer of Anda's?

A. I don't know that Harvard was a customer of Anda's. Harvard was a competitor of Anda's.

Q. Do you know whether Anda sold OxyContin to Harvard Drug?

A. I'm unaware of any OxyContin being sold to Harvard Drug.

Q. Okay. Now, after attaching the news report of Harvard Drug Group's suspension, Michael Cochrane writes to you and Mr. Paonessa that he thinks, quote: We need to cut off all the pain management clinics and docs that purchase controls.

And then adds: The same way we did Internet pharmacies in the past. Even right after we cut off -- even right after we cut all the Internet pharmacies off, the dispensing docs and pain management clinics were next at the top.

End of quote?

What did you understand -- first of all, Michael Cochrane is your brother, correct?

A. That's correct.

Q. He was the director of regulatory compliance at the time he wrote this at Anda?

A. That's correct.

Q. Okay. What did you understand him to mean when he wrote to you "the dispensing docs and pain management clinics were next at the top"?

A. I understood that to mean that they were the next highest users of controlled substances that we were shipping.

Q. Okay. And what was your reaction to Michael Cochrane's suggestion in the wake of Harvard Drug's suspension that Anda cut off pain management clinics and doctors?

MR. MATTHEWS: You are asking him in his personal capacity?

MR. NOVAK: No.

BY MR. NOVAK:

Q. What was Anda's reaction to this suggestion?

MR. MATTHEWS: Objection.

THE WITNESS: I believe by the end of June we had ceased selling to pain management clinics and doctors.

BY MR. NOVAK:

Q. Was Anda concerned that the same type of enforcement action that had been brought against Harvard Drug would be brought by the DEA against Anda?

MR. MATTHEWS: Objection.

THE WITNESS: That was a factor. There was also a move for the State of Florida to disallow doctors from dispensing meds in the office setting that I believe took effect later that fall.

So there was already other indicators that that business was already being looked at for us to discontinue.

BY MR. NOVAK:

Q. Now, the determination to cut off particular accounts that was made in the summer of 2010 included more than just physicians, did it not?

A. It did.

Q. Okay. What other types of customers did Anda decide should be cut off at that time?

A. We also ceased doing business with wholesalers/distributors and some hospitals as well.

(Anda Exhibit 24 was marked for identification.)

BY MR. NOVAK:

Q. We have had marked for identification purposes Anda Exhibit 24, which is a one-page e-mail from Michael Cochrane addressed to both

Patrick Cochrane and Al Paonessa.

Actually, there are two e-mails. The first one is from Al Paonessa to John Jefferson cc'ing Patrick Cochrane, Michael Cochrane, and Douglas Lindahl dated June 17th of 2010.

And it states: John, for every customer in the attached file, change DEA expiration date to 1100617; remove all schedules; and populate a notes entry that reads: Anda has discontinued controls sales to this account on June 17, 2010, AP3.

Was this the implementation of a mass cutoff to particular customer categories?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, it appears that way.

BY MR. NOVAK:

Q. So two days after Michael conveyed the news about Harvard Drug Group's enforcement skirmish with the DEA, Anda decided to go forward and terminate a number of customers to whom it had been selling opioids, correct?

A. Correct.

Q. Okay.

A. But as I discussed previously, we were also looking at those trade classes for other reasons,

specifically the State of Florida suspending the ability for doctors to dispense in an office setting.

Q. Okay. You say that you had been looking at it for other reasons. Did you ever write an e-mail prior to June 15th of 2010 when Michael Cochrane dispersed the Detroit News story about Harvard Drug Group's fate that you thought these classes of trade should be cut off by Anda?

A. As a correction, Michael didn't distribute that e-mail. George Fields distributed that e-mail. Michael followed on with a note to Al Paonessa about that.

As to the first question, I'm unsure whether I crafted any e-mails related to that. I know it was being discussed.

Q. Had you seen any e-mail in circulation from others at the company suggesting that those particular channels of trade should be cut?

A. Not that I recall.

Q. Was the enforcement action brought against Harvard Drug Group one of the factors that motivated Anda to cut off those particular channels of trade two days later?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, it was.

MR. NOVAK: Bear with me. I'm looking for a particular document.

Can we take a quick five-minute break? I have to find a document that's escaped me at the moment.

THE VIDEOGRAPHER: Off the record at 3:55.

(Recess from 3:55 until 3:58 p.m.)

THE VIDEOGRAPHER: The time is 3:58. We are now back on the record.

(Anda Exhibit 25 was marked for identification.)

BY MR. NOVAK:

Q. We have had marked as Anda Exhibit 25 a document, the front page of which is an e-mail from Megan Tauber addressed to Kimberly Poropat with cc's both to Al Paonessa and yourself. And attached to the cover e-mail, which is dated July 13th of 2010, there is some updated internal communication materials.

The document bears the Bates number 104946 through 104960.

And I wanted to direct your attention, Mr. Cochrane, to the internal communication change in

control process that is Page 2 of the exhibit.

And, specifically, at the top of that page, there is a reference to updated control process, and it states: Effective immediately, Anda is no longer selling to the following classes of trade.

And then it lists various trade -- classes of trade underneath, including clinics, including diet and pain clinics, distributors, mail order, physicians, repackagers, veterinarians, and wholesalers/distributors, with the exception of DCI.

Is that your understanding as to the categories or classes of trade to which Anda was no longer selling opioid products after the customer cutoff that was implemented in June of 2010?

A. Yes. As of the time of this writing, that's accurate.

Q. And what was Anda's rationale for cutting off each of the classes of trade that are referenced there?

A. Well, as I spoke previously, the products going in to doctors and clinics were already being looked at differently by the State and future legislation was going to eliminate that. So we were already looking at that.

The rationale behind distributors and repackagers, we didn't necessarily have a good understanding of where that product may end up after it left our possession, and it wasn't as secure of a distribution channel as to a dispensing pharmacy, which was, you know, closer to our core business.

Q. Okay. At the time that you were selling to repackagers, did you have any type of customer questionnaire or know your customer procedures as it related to that channel of trade?

A. Yes. I believe we did have information related to the repackagers and who they were repackaging product on behalf of.

Q. Did you have anything that was the equivalent of dispensing data for repackagers?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure of that.

BY MR. NOVAK:

Q. Okay. How about for wholesalers?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure of that either.

BY MR. NOVAK:

Q. Now, the exception of DCI that is referenced, who is DCI?

A. DCI was Drogarias and Chral in Puerto Rico. They were a partner of ours that we actually rented space and had licensure within their facility for a period of time after 2010, but there was an ongoing relationship with them previous to 2010 and long after 2010.

Q. Now, turning another two pages in Anda Exhibit 25, there is reference to -- down at the bottom, underneath the -- the portion -- I'll make a specific page reference number. It's the page ending in 949, the Bates number.

A. Okay.

Q. There is -- in the middle of the page, there is kind of a graphic something. Can you tell me what that signifies?

A. That is a form DEA 222.

Q. So these are the types of 222 Forms that you had provided testimony about earlier today?

A. That's correct.

Q. Underneath the 222 Form, the document states: The DEA also requires Anda/VIP and other vendors with a similar setup to track the amount of controlled substance that is each customer purchases throughout the month and place reasonable limits to the purchase

eligibility.

Most customers are given a 5,000 pill count limit per calendar month within each drug family. In other words, the customer can purchase up to 5,000 pills of any Vicodin product throughout the month of February. On March 1st, the purchase allowance renews and the customer can purchase another 5,000 pills.

Is that an accurate characterization of how the 5,000 family pill limit worked as of this time in 2010?

A. Yes. That's a general description of how it worked.

Q. Okay. And then it continues to state: The customer can utilize their purchase allowance to purchase any Vicodin SKU they choose. The same concept would apply to all other controlled substance product families as well.

So what we have just been reviewing is similarly applicable to OxyContin, fentanyl, and hydrocodone families, correct?

MR. MATTHEWS: Objection.

THE WITNESS: Generally, that is correct.

Fentanyl is a little bit different because the

dosage units are a little different. They're not a tablet; it's a patch.

BY MR. NOVAK:

Q. The document continues: Customers can also apply for an increase in their monthly pill count limits if their business format requires it.

For example, Hospice facilities and pharmacies serving Hospice facilities typically purchase large amounts of pain medication due to the nature of their patient population. If a customer in this business segment provided sufficient documentation to Anda/VIP proving the need for an increase, it can be accommodated.

The manner of accommodation as of this point in 2010 would be through application of the Standard Operating Procedure 35 that we had discussed earlier today?

MR. MATTHEWS: Objection.

THE WITNESS: Through the process that's described in 35 and then incorporated into 40.

I'm not sure of the timeline continuity, but yes.

BY MR. NOVAK:

Q. And then the document continues. Quote: TPS tracks the pill count limits each month and removes

the ability to order additional product once the limit has been reached.

End of quote.

Do you see that reference?

A. Yes, I do.

Q. And is that an exemplar TPS screen that shows control limits for particular products?

A. At that time, yes.

Q. Okay. This is solely for illustrative purposes? Because I see there's a limit on aspirin. There wasn't a limit on aspirin in real life at Anda, was there?

A. No.

Q. Okay. But the way it would work in TPS is if you were looking at the control limits for a particular product and a particular customer, you would see a column for the product type, and then a limit, and then there month-to-date purchase, and that would give the amount that was still available for them to purchase in the month?

A. Yes, but these screens were not visible to the customer, nor to the rep.

Q. Okay. In 2010, a sales representative at Anda would not be able to go into TPS and see this

type of screen?

A. That's true.

Q. Did the sales representative at Anda even know what control limit was set for a particular customer for an opiate product at this point in time in 2010?

A. I don't believe they could see it realtime. However, if they knew they started with the 5,000 baseline limit and they had interacted with their customer in compliance to deem an increase appropriate, they could possibly know what their customer's limit was.

Q. Okay. The document next states: Anda/VIP customers can also order CII products electronically utilizing CSOS or Controlled Substance Ordering System. While this requires an additional registration from the DEA, it provides a host of benefits to the customers when ordering from Anda/VIP.

Is that an accurate characterization as to the ability of customers to order through CSOS for Schedule II controlled substances at this point in 2010?

MR. MATTHEWS: Objection.

THE WITNESS: So long as they had the digital certificate and they had a DEA license and customer record in good standing, yes.

BY MR. NOVAK:

Q. Okay. We had been reviewing a few minutes ago the spreadsheet containing reports to the DEA from Anda in Exhibit 22 and the four tabs that were referenced, those tabs being Customer Cutoffs, Controls Denied, Controls Reinstated, and Suspicious Orders.

Do you recall our review of Anda Exhibit 22 in that regard?

A. Yes.

Q. Okay. As of the time after August of 2007 and up through the spring of 2011, there was not a suspicious order tab in those reports as they were submitted to DEA, was there?

A. That report didn't exist in 2007.

Q. Okay. When was it that those types of reports started to be submitted to Anda -- I mean, to the DEA by Anda?

A. After the 2010 inspection and subsequent conversations we had with DEA.

Q. Okay. From the time period of September of

2007 through those inspections in the summer of 2010, had there been any reports submitted by Anda to the DEA regarding its customers and their eligibility to purchase controlled substances?

MR. MATTHEWS: Objection.

THE WITNESS: Not to my knowledge.

BY MR. NOVAK:

Q. Okay. So in the summer of 2010, when Anda began discussing the prospect of submitting reports to the DEA, were those discussions in the context of the meetings surrounding the inspection of Anda facilities?

A. They were after the meetings for the inspection.

Q. In what time frame approximately?

A. In the days and weeks after.

Q. Okay. Would this have been approximately August of 2010?

A. Yes.

Q. And at that time, what was communicated by the DEA to Anda as it related to the submission of suspicious order monitoring reports?

A. Group supervisor Gayle Lane reached out to us after the inspection had concluded, and she wanted to

open the lines of communication with the local office because, previous to that and since 2007, our compliance department had been dealing with Washington headquarters and not reporting to the local office and not communicating as much with the local office.

We had frequent phone calls, and we scheduled an on-site at DEA field office visit.

Q. Okay. And in conjunction with that DEA field office visit, was it communicated by DEA to Anda that they needed to resume the submission of suspicious order monitoring reports?

A. They were --

MR. MATTHEWS: Objection.

THE WITNESS: They were quite pleased with what we were sending them as far as customers being cut off and customers being denied, and they asked that that continue.

BY MR. NOVAK:

Q. Now, in that answer, you indicated that the DEA was quite pleased with what Anda was sending them as far as customers being cut off and customers being denied. This is in the summer of 2010?

A. This is August and September of 2010.

Q. Okay. Now, a moment ago, you testified -- and I'm just going to quote your testimony: Okay. From the time period -- this is my question to you: From the time period of September of 2007 through those inspections in the summer of 2010, had there been any reports submitted by Anda to the DEA regarding its customers and eligibility to purchase controlled substance.

Your counsel objected.

And then you said: Not to my knowledge.

If I'm understanding that testimony correctly, there were no reports submitted to the DEA up through the summer of 2010, were there?

MR. MATTHEWS: Objection.

THE WITNESS: There were no reports up until the communication lines reopened after the inspection we had in the summer in 2010. With specificity, it was July of 2010 that we had the inspection. It was after that inspection in August and September that we began sending them the detailed spreadsheet of the customers that we cut off and/or denied.

BY MR. NOVAK:

Q. Okay. So the -- the spreadsheets that you

were conveying to DEA that you said they were pleased with were the ones that began after the July of 2010 inspection?

A. Correct.

Q. Okay. Now, at some point, DEA requested that you add additional information to your submissions, correct?

A. I'm not aware of what you are looking at.

(Anda Exhibit 26 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked as Anda Exhibit 26 an e-mail exchange between Michael Cochrane and -- at Anda and Gayle Lane at the U.S. Department of Justice's Drug Enforcement Administration. The first portion of the e-mail, it's dated April 15th of 2011 and cc's you, as well as other individuals at Anda. It bears the Bates number Anda 1134998.

In that top e-mail, Ms. Lane writes to Michael Cochrane: Please review 21 CFR 1301.74 (B), and then she quotes from that regulation. Quote: The registrant shall inform of suspicious orders when discovered by the registrant.

End of quote.

She then continues: You are required to report to DEA at the time of the order what was ordered so it's not enough to let us know of customers you have cut off after you have researched them. If you deem an order suspicious, you need to notify DEA at that time.

Do you recall receiving this in 2011?

A. I'm refreshed to know that I received it at this point by reading it.

Q. Okay. And then Michael Cochrane replies to Ms. Lane and states: Please see the attached file of suspicious orders and customers. I changed the format so there is not a separate tab for each month. This is an update from the last file I sent you in November. Sorry for the delay.

MR. MATTHEWS: Objection.

BY MR. NOVAK:

Q. So the format was changed in April of 2011 to make it more contemporaneous?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure what the format change was. It appears that there was separate tabs by month that Michael consolidated.

As clarification, you stated that Michael

replied to Gayle. This looks the other way around to me, based on the dates.

MR. NOVAK: Thank you. You're correct.

BY MR. NOVAK:

Q. So the correspondence was initiated by Michael and Gayle provided her subsequent response.

Is that -- is that correct?

A. That's what this shows.

Q. Okay.

(Anda Exhibit 27 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked Anda Exhibit 27, the cover e-mail of which was written by Emily Schultz at Anda to Gayle Lane at DEA. And the subject of the e-mail is "Customer Cutoff."

Ms. Schultz writes to Ms. Lane -- and this is -- this bears the Bates number Anda 286549, and then there is a spreadsheet that is attached to it, produced in native format, that bears the Bates number 286550.

Now, in the cover e-mail Ms. Schultz at Anda addresses Ms. Lane and attaches an updated spreadsheet of customers we have cut off.

Is this the type of communication that we have been discussing that Anda has with the DEA communicating information as to the eligibility of its customers to purchase controlled substances?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, it is one of the ways we were communicating with the DEA.

BY MR. NOVAK:

Q. Now, we'll pull up on the screen the actual Excel spreadsheet that was attached to the e-mail.

MR. MATTHEWS: I'll put in place here my standard objection to the use of spreadsheets that are not produced in physical form at the deposition and so can't be marked as exhibits. And subject to our agreement to work this out at a later time for all of these, I will assume you are going to go forward, right?

MR. NOVAK: Yes. I, also, by the way, checked. There are picture and picture video that will actually present the portions of the spreadsheet that we are reviewing in realtime during the deposition transcript as it plays.

MR. MATTHEWS: Okay. That's a start.

MR. NOVAK: Yes.

BY MR. NOVAK:

Q. We had been discussing the types of communications that Anda was making to the DEA and the different sheets that are included with them.

Can you identify what this first sheet of the spreadsheet -- what information it conveys to the DEA?

A. There's column headings of date the DEA registration that Anda shipped from, the customer's DEA number; their name, address, city, state; then there's other fields related to -- it's a little blurry, sorry, item number, description, size, NDC quantity, whether or not an order was filled, whether or not the customer was cut off, yes or no, and then a comments field.

Q. Okay. In earlier versions of this spreadsheet that we looked at, they actually named the tabs, Customer Cutoff or -- et cetera.

Can you tell if this is a customer cutoff tab?

A. Earlier versions that we looked at today, not necessarily earlier versions of the file, correct?

Q. Yes.

Anda Exhibit 22, I think it was.

A. This would be a cutoff file based on Column O showing Customer Cutoff, yes.

Q. Okay. And then the information that you said identified orders, are there actual orders that are identified in -- in this spreadsheet --

A. I don't see all that --

Q. -- or at least in this tab?

A. On that sheet that you are showing those 50 or so rows, I don't see any fields in those columns populated, so...

Q. Okay. So there is no identification in the context of specific customers that were cut off to the DEA of suspicious orders that precipitated the cutoff.

Is that accurate?

A. Sure. A -- an individual order would not be the only reason why a customer was cut off, though.

Q. Okay. If we go next to sheet two -- well, maybe that is the only sheet that is populated for this one.

All right. That's all I have for 27.

(Anda Exhibit 28 was marked for identification.)

///

BY MR. NOVAK:

Q. We've had marked as Anda Exhibit 28 a series of e-mails that include Patrick Cochrane and other individuals at Anda on some portions of it, but the e-mail originates with a July 13, 2012, e-mail from Valerie Mitchell of the Department of Justice's Drug Enforcement Administration to Alberto Esteves. The document is in the July of 2012 time frame at various dates and is Bates number 105695 through 698.

And I'll start with the original e-mail from Ms. Mitchell to Alberto Esteves. First of all, who is Alberto Esteves?

A. Alberto is the site director -- he was the site director at the time for the Groveport, Ohio, distribution center that Anda owned. He is currently the site director for the Olive Branch, Mississippi, site that we have.

Q. Was he responsible for communications with the DEA as it related to any controlled substance distribution questions that emanated from the Groveport, Ohio, distribution center?

MR. MATTHEWS: Objection.

THE WITNESS: Ultimately, he was the highest ranking person at the site and literally the

first office inside the door. So if the DEA served them with questions or came in for an inspection, he fielded the inspections.

There was also a DEA compliance manager there by the name of Debra Mooney that oversaw the operations of the cages involved.

BY MR. NOVAK:

Q. Do you have an understanding as to whether the questions that surfaced in this July 13th e-mail surfaced in the context of an inspection of the Columbus facility?

A. I'm not sure.

Q. Okay.

A. I don't believe there was an inspection in July of '12.

Q. Okay. One of the questions that Ms. Mitchell asks of Esteves on the last page of Anda Exhibit 28 is: Has Anda reported any suspicious orders to the DEA Columbus district office this year?

Do you have an understanding as to whether Anda had made any suspicious order reports in 2012 through July?

A. No, I'm not sure of that.

Q. Now, looking at Esteves's response to

Ms. Mitchell, on which you are cc'd, on July 18th of 2012, the second page of Anda Exhibit 28, he states -- and this is the number four paragraph: Anda has reported numerous suspicious customers to the DEA Columbus district office this year. We have had regular ongoing communications of customers that we have continued or denied controlled substance sales to.

Do you understand that to be his response to Ms. Mitchell's question as to whether Anda has reported any suspicious orders to the DEA?

MR. MATTHEWS: Objection; foundation.

THE WITNESS: I can answer?

MR. MATTHEWS: You can answer if you can.

THE WITNESS: As far as that looks, he's saying that they've reported suspicious customers. He does not state that there's been any specific orders.

BY MR. NOVAK:

Q. And then up at the top of the first page of Anda Exhibit 28, you state in an e-mail to Michael Cochrane: I asked him to keep us copied on the madness between them.

What did you mean by that?

A. Her requests and her general demeanor towards Alberto were not necessarily what we had come to know as normal from a -- from a DEA request, so I was describing the way that Alberto was feeling towards the communications with her.

(Anda Exhibit 29 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked for identification purposes Anda Exhibit Number 29, which is a continuation of the thread of e-mail that we have been reviewing in Anda Exhibit 28 with some additional e-mail exchanges between the DEA and different folks at Anda.

The document is dated -- or at least the last e-mail in the chain is dated Thursday, July 19th of 2012, and the Bates page referenced for the document is 86181 through 86233.

Now, I want to direct your attention, Mr. Cochrane, to first that portion of the document where Ms. Chaney at the Drug Enforcement Administration writes to you on July 19 of 2012. And specifically what she writes on Page 5 ending in 185 of Anda Exhibit 29 is as follows: The question was why the customers were, quote, cut off, quote. While

you sent what appears to be partial information, mostly questionnaires and drug utilization reviews, I found nothing in the files that corresponds to documentation as outlined in your SOP 40 dated December 15th -- I'm sorry, dated December 2011 and April 5, 2012. I also found nothing to explain the circumstances surrounding the decision to drop these registrants as customers.

You see you received that inquiry from Ms. Chaney in July of 2012, correct?

A. Yes, that's correct.

Q. Okay. And you wrote back to Ms. Chaney, and wrote in part: I have forwarded this e-mail to Mr. Michael Cochrane. He is Anda's executive director of compliance and our custodian of records. He will reply with explanations regarding the customer's cutoff.

And then you continue to write: Regarding the inquiry about cutoff, and, quote, controls denied, quote, the customers detailed in the, quote, cutoff, quote, list, are customers that previously had controlled substance business with Anda and that we are no longer servicing.

The customers detailed in the controls denied

list are those that have not previously done business with Anda that requested controlled substances and Anda chose not to service.

Is that an accurate characterization of Anda's position as to what the cutoff and controls denied tabs of their spreadsheets sent to the DEA in the 2012 time frame -- what they signified?

MR. MATTHEWS: Objection.

THE WITNESS: Yes, it is. And it's exactly what I described when we were reviewing that document a little earlier.

BY MR. NOVAK:

Q. Okay. Now, further up on Page 3 of the e-mail exchange, Ms. Chaney writes to Michael Cochrane and states: If I understand your response, these customers were discontinued for reasons not necessarily related to a suspicious order, question mark.

And then Michael Cochrane responds: That is correct. Controlled substance sales were not necessarily discontinued because of a suspicious order.

Is that an accurate reflection of Anda's position as to what were being communicated in the

spreadsheets it was sending to the DEA as of this time?

A. I have not reviewed the individual customers that are there, but following this e-mail trail, that appears correct, that dispensing data and questionnaires were some of the elements used to make a determination on why we discontinued shipping to those customers.

Q. Now, Ms. Chaney replies to Michael Cochrane's e-mail and states: So the customer, quote, cutoff, quote, list does not reflect suspicious orders, question mark.

Do you see that reference?

A. I do.

Q. And, in response, Michael Cochrane replies: On behalf of --

Okay. We'll have to --

He doesn't respond directly to Ms. Chaney's question there, does he?

A. I believe it's on the first page.

Q. Oh, thank you.

So in replying to her question, which is simply: So the customer cutoff list does not reflect suspicious orders?

He writes: No, it does not. We have a system for identifying orders of interest/suspicious orders based on the document you referenced below, SOP 40. However, there have not been any individual suspicious orders to report to you, period, end of quote.

Does that reflect Anda's position at the July of 2012 time frame about the nonexistence of suspicious orders?

A. As it relates to Michael's response to Catherine, which is a response to numerous e-mails back to Valerie's original request for a list of orders -- suspicious orders reported in 2012, I would say yes.

MR. NOVAK: Why don't we take a break.

THE VIDEOGRAPHER: 4:45 p.m. We are going off the record.

(Recess from 4:45 until 5:09 p.m.)

THE VIDEOGRAPHER: The time is 5:09 p.m. We are now back on the record.

(Anda Exhibit 30 was marked for identification.)

BY MR. NOVAK:

Q. We've had marked as Anda Exhibit 30 a

supplemental response to plaintiff's first combined discovery request to distributor defendants which was provided to us on January 17th.

There are a number of different components that I am in particular going to walk through.

Mr. Cochrane, if you look at Page 3 of the document, there is a portion of it that reads under second supplemental response to discovery request number two, it states that -- the second paragraph down at the bottom: Further answering, Anda states that as a result of various meet and confer discussions with plaintiffs, Anda is supplementing this response further to provide information regarding the implementation of Anda's suspicious order monitoring system's policies and procedures.

In addition to correspondence, customer due diligence files (which include but are not limited to customer questionnaire, historical dispensing data, and geographical information from each customer) which have been produced to plaintiffs as part of Anda's custodial and noncustodial document productions, Anda maintains certain information in electronic databases that Anda has queried to obtain information responsive to plaintiff's discovery

requests.

Accordingly, Anda now supplements this response by producing reports created as a result of these queries. These reports were attached hereto as Exhibits A through D.

Now, we have, in electronic formats the reports that were submitted as Exhibits A through D, and I would like to walk you through them for a moment to see if there is particular information that can be gleaned from the actual spreadsheets.

Now, if we can start with Exhibit A, it is characterized in written form in Anda's supplemental response as a report from Anda's TPS database which tracks the status of various data points in Anda's due diligence files, i.e., current customer status, current control approval status, current customer questionnaire, and current dispensing data, parens, for each of Anda's customers located within the geographic area encompassed in the three cases designated by the court as track one cases.

Pursuant to case management order number one.

The data included in Exhibit A describes only the status within Anda for these various data points as of the date of this response. It does not reflect

the status of such data at any other time. Historical information, if any, is collected as part of the customer's due diligence folder, which has been previously produced.

Do you have a basic understanding as to what information is contained in Exhibit A in the spreadsheet?

A. I do.

MR. MATTHEWS: Objection.

THE WITNESS: But can you expand it, possibly, enlarge it, and maybe show the column headings? I think some of those filters are blocking what those field descriptions are.

BY MR. NOVAK:

Q. And I'm with you on expanding the size of it. That's why I try to use electronic exhibits to begin with.

A. It's only in the last year, but okay.

Q. I feel your pain.

A. Okay. So across the top, we have customer number. We have customer name. We have additional heading, which would be an additional address field. Customer street, customer town, state, ZIP, county, customer DEA, CQ I assume is customer questionnaire,

DD is dispensing data, current status of the customer, which would be active or deactivated.

Allow controlled substances, yes or no.

Yes, I'm familiar with those.

BY MR. NOVAK:

Q. Okay. So this is information that can be drawn from the TPS database for particular customers?

A. Yes, it is.

Q. Okay. Does the TPS database include not only the customer's current control approval status, but does it include information as to the history of the customer's status in terms of when it has changed from eligible for controls to noneligible?

A. Not within those fields, no.

Q. No, not within these fields.

I think what I'm asking is: Can that information be extracted from the TPS system?

A. I'm not sure if those types of fields are memorialized and time stamped. There's customer notes fields that could possibly indicate when indications or when changes were made to those fields.

But what you are looking at is a snapshot of what -- when that report was run, those were the

statuses.

Q. Okay. And as to whether a query could provide the full control eligibility status over time, do you know one way or another whether it could?

A. I don't know that those fields and the files that those fields relate to have history.

Q. Right.

Are -- I'll ask a different question.

Are there fields within the TPS system that provide information of historically the different control eligibility statuses that each particular customer has over time?

A. No. As far as I know, those fields are the current status.

Q. Why don't we go -- okay.

Now, Exhibit B is characterized on Anda Exhibit 30 as a report created from the TPS database which contains notes recorded by Anda's compliance team which are specific to track one customers.

A. Okay.

Q. Those are the notes that you made reference to in your last answer?

A. They could be, yes.

Q. Okay. Now, looking at Column N, is that the notes field?

A. That Column N is labeled notes, yes.

Q. So, for instance, just looking at the top pharmacy, Southside Pharmacy, it indicates in the notes field: Controls removed. Pharmacy indicted on drug charges.

That would be the reason that the Anda compliance person recorded as to why that particular customer is no longer eligible?

MR. MATTHEWS: Objection.

THE WITNESS: I -- I think the whole context of the notes -- you have multiple notes entries for that customer. And I believe Columns K and L are dates and times for said notes.

So, for instance, N3 and 4 is one note that was entered on June 4th of 2014 at 5:24 in the afternoon.

BY MR. NOVAK:

Q. Okay. Let me -- let me make sure, just so I understand it.

Where is it that you are making the observation that notes three and four is one note that was entered on June 4th of 2014 at 5:24?

A. Columns K shows the note date.
Q. Okay. So that's the June 14th --
A. June 4th.
Q. -- June 4th of 2014?
Okay.
A. Column L is the time, 17:24:03.
Q. Okay.
A. And you see there are sequence numbers in the next field, which are somewhat telling me, you know, that is a continuous note, all with the same date and time stamp.
Q. Okay. And specifically you are referring now to the -- the Southside Pharmacy that is in Row 5 of the spreadsheet?
A. I read that as Columns -- Column N, cells 3, 4, and 5, are one note.
Q. Oh, okay.
A. Controls removed, pharmacy indicted on drug charges, selling opioids illicitly. Correction, controls were already disabled.
Q. Okay. So all of those observations were made as one note relating to one customer. It just took three rows to get it all in?
A. That's how I read that.

Q. Okay.

A. And that's based on my knowledge of how you transfer data from the AS 400 database, which is a green screen application that's taking a freeform text field and then pulling it into Excel.

Q. Okay.

A. Then the next one shows controls denied. See notes below. No new due diligence provided.

That entry was made on 5/30 of '14.

Q. Okay. That's helpful.

Why don't we go to Exhibit C.

Now, in the written characterization of Exhibit C that is contained in Anda Exhibit 30, Page 4, Anda states: Exhibit C is a report created from the TPS database which reflects the activity resulting from operation of Anda's electronic order monitoring system after processing orders for controlled substances placed by Track One Customers from the period December 2011 to May 2018.

Let me stop there.

Is the operation of Anda's electronic order monitoring system from December of 2011 as the starting point significant in terms of the type of information that was contained in the TPS database as

it related to the operation of a suspicious order monitoring report?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure what that question means.

BY MR. NOVAK:

Q. Okay. I'll ask a different one.

The implementation of Standard Operating Procedure 40 as it relates to suspicious order monitoring reports first started in December '11; is that correct -- December of 2011?

A. The implementation of the system aspects of TPS, pending orders to review, was implemented in December '11.

Q. Okay. So it is from that period forward through May of 2018 that the data is captured for customers in terms of whether the electronic order monitoring system would have held their orders.

Is -- is that an accurate characterization?

MR. MATTHEWS: Objection.

THE WITNESS: I believe that's accurate and what is represented on Page 4, Exhibit C.

BY MR. NOVAK:

Q. Okay. And -- and then, looking further, it

states: All orders flagged by the electronic order monitoring system were manually reviewed by the Anda compliance team.

That is a statement as to the manner in which orders that are held are then subsequently reviewed and a determination made as to whether they should be released.

Is that correct?

A. That's correct.

Q. Okay. Have you ever heard of the term of orders being, quote, in the bucket, quote?

A. Yes.

Q. Okay. And do you understand the phrase "in the bucket" as it is used at Anda in the context of the operation of a suspicious order monitoring system to be that the orders are held and awaiting manual review by the Anda compliance team?

A. Yes. The bucket is where the orders go to be reviewed.

Q. Okay. So continuing on Anda Exhibit 30, Page 4, it states: The results of this manual review are memorialized in the TPS database and reflected in Exhibit C. This report includes orders reviewed by, one, Anda's own electronic order monitoring system

from December 2011 through March 2017; and, two, the electronic order monitoring system operated by Buzzeo PDMA on behalf of Anda from March 2017 through May of 2018.

We have not discussed it at all today, but you understand that there was a transition in March of 2017 from Anda's homegrown electronic suspicious order monitoring system that operated in TPS to a system that was created by Buzzeo?

A. Yes, I do.

Q. Okay. And what is recorded in Exhibit C are the orders that were held for controlled substance customers in Cuyahoga and Summit Counties, either by Anda's homegrown suspicious order monitoring system or, subsequently, the Buzzeo system?

A. That's correct.

Q. Okay. And when it says "the results of this manual review are memorialized in the TPS database and reflected in Exhibit C," how are the results of the manual review reflected in Exhibit C? Or where would they be reflected?

MR. MATTHEWS: Can he see it?

THE WITNESS: The fields across the top are self-explanatory for the most part. Item

description NDC, narcotics schedule, that's Anda's item number, the next one. The size of that item number. I don't -- I can't see the next one. Shipped quantity. Okay, that is the quantity. The DEA blank number would be the 222 Form number or the electronic CSOS certificate order ID. The hold reason code from either one of the two systems. It looks like a hold reason description, release reason code, and release reason description.

BY MR. NOVAK:

Q. So looking at the hold reason code column, there are different reasons that orders are held that we've reviewed in -- in Standard Operating Procedure 40 as it relates to controlled substances, correct?

A. Correct.

Q. And the -- in the column that says "Hold Reason" for the first one there, in Row 2, the reason as provided is "customer average per month." Is that an indication that the order was originally held for review because the order exceeded some multiple of the average monthly order from that customer?

A. That's what that description is telling me.

I'm not familiar with the exact hold reason descriptions as I don't use the system transactionally.

Q. Okay. And then if we look to the release reason code, there are different -- can you scroll down -- there are different numbers provided, at least for some of the transactions, for the reason that they were released.

And the top one, for example, is released because, if we look at the description, the -- it is consistent with customer order pattern and/or within controlled substance -- or within controlled substance increase granted.

What do you understand that to mean?

A. It looks like exactly what it states, consistent with what the customer's order patterns are as we see them and within their controlled substance increase.

Q. So if I'm interpreting this spreadsheet correctly, there was an order for oxycodone that was initially held in -- this is looking at Row 2 -- and the reason it was initially held is that it exceeded the customer's average monthly order by -- by some multiple. We don't know the multiple, but that was

the reason it was initially held.

MR. MATTHEWS: Objection.

BY MR. NOVAK:

Q. And Anda's compliance staff then reviewed that order, determined that the order was consistent with the customer's order pattern, and consequently granted the -- the increase and released the order?

MR. MATTHEWS: Objection.

THE WITNESS: I can't determine that from what's in the release reason code and release reason on Row 2.

BY MR. NOVAK:

Q. Okay.

A. I'm not sure what release reason code zero indicates.

Q. Oh, you're right. That was for Row 2.

But for Row 3, there is a -- a release code number three provided and then an explanation of the release reason that I just referenced.

Is --

A. Yes.

Q. Okay. So for Row 3 -- and thank you for characterizing my -- my misstatement earlier -- there, there was a hydromorphone order that was

originally held because it exceeded the customer avenue per month but released because compliance staff reviewed it and made the determination that it was consistent with the customer order pattern and/or within the controlled substance increase granted.

Is that an accurate characterization as to how that transaction was treated?

MR. MATTHEWS: Objection.

THE WITNESS: That looks correct, yes.

MR. NOVAK: Okay. If you can scroll down to find an additional reason as to why an order was held.

BY MR. NOVAK:

Q. Now, in Row 478, there is reference to an oxycodone order that was held because the order exceeded the average order for a particular class of trade.

Is that another reason for holding an order under Standard Operating Procedure 40?

A. Yes.

Q. And then that order would have been reviewed and determined that it could be released, because if we look in the follow-on column, it was consistent with the customer's order pattern and/or within CS

and the increase was granted.

Is that accurate?

A. That's accurate.

Q. Okay. And these different notations correspond, if we look back at SOP 40, with the reasons that are delineated in that SOP for the holding of an order and then subsequently the releasing of an order, correct?

A. I don't have the document in front of me. What exhibit are you referring to?

Q. Great question.

Exhibit 5.

Do you have Exhibit 5 in front of you?

A. I do.

Q. Okay. So I'm trying to look at the reasons an order would be held as set forth in Exhibit 5 and reviewing them in conjunction with the actual characterizations that are contained on the spreadsheet that was produced as Exhibit C in Anda Exhibit 30.

And one of the reasons that's given, for example, is -- in Standard Operating Procedure 40 is the average dosage units per order for that class of trade for a specific chemical family.

Would that correspond to the class of trade average per order reason for holding an order as notated in Row 478 for an oxycodone order?

A. Yes, but I don't know what class of trade we're talking about or what customer.

Q. Right. Right. We don't know --

A. It's probably further over to the left on the columns. I don't know if we have class of trade inside there.

Q. So for this particular customer, Preztells Pharmacy, that would likely be a retail pharmacy class of trade?

A. Yes.

Q. Okay.

A. Maybe retail independent. I'm not sure of the delineation between a retail independent versus a chain.

Q. Okay. That is a good question.

Do you know if chains are treated as a separate class of trade when an individual pharmacy location is being evaluated on a controlled substance order than an independent retail pharmacy?

A. They could be classified as a different class of trade. I'm not sure if there are differences in

the parameters for which -- one pharmacy versus the other.

Q. Sitting here today, do you know one way or the other whether a chain pharmacy has a different class of trade for purposes of applying the suspicious order monitoring system than an individual -- an independent retail pharmacy?

A. No, I do not.

Q. Okay. Now, if we can filter Exhibit C for those transactions where an order has been held, if we look solely at the held orders, there appear to be release reasons provided for just about all of them.

Is that -- why don't you scroll down a little bit.

Is that a fair characterization?

MR. MATTHEWS: Objection.

THE WITNESS: For the handful we've looked at, yes.

BY MR. NOVAK:

Q. Okay. And just to check, how many transactions are referenced as having been held in the -- in the Summit and Cuyahoga County?

MR. MATTHEWS: You want him to count them up?

MR. NOVAK: No, I think we can just scroll to

the bottom.

MR. MATTHEWS: It doesn't have a cumulative line total. The line number isn't cumulative.

BY MR. NOVAK:

Q. If I can direct your attention to the very bottom of the screen, for the transactions from these two counties, it states: 976 of 5,652 records found.

Do you see that?

A. I see that.

Q. Okay. Does that reflect that there have been 976 orders in Summit and Cuyahoga County that were held by Anda's suspicious order monitoring system for a review to determine whether they should be released to their customers?

MR. MATTHEWS: Objection.

THE WITNESS: For that time period encapsulated in that report, yes, it does.

BY MR. NOVAK:

Q. Okay. And then going to the released reason, it appears that the reason typically given for release of those orders are that they are consistent with the customer's order pattern and/or within CS increase granted.

Is -- is that a fair statement?

MR. MATTHEWS: Objection.

You want him to look at every one of them?

MR. NOVAK: I will withdraw it.

BY MR. NOVAK:

Q. Let me do one other thing, and that is if we can filter the release reason column on those orders that have been held for situations where no reason for a release was provided.

So those would be examples of customer orders that were held by the suspicious order monitoring system -- I think we determined earlier that there was 976 of those -- and for 23 of those transactions, there is no reason provided for the release.

Why would that be?

A. I'm not --

MR. MATTHEWS: Objection.

THE WITNESS: I'm not certain that they were released based on looking at this.

BY MR. NOVAK:

Q. Okay. Is there a field in this data -- or a column that would indicate whether the order has been released?

A. You could scroll across the top, and we could look. I'm not -- I'm not sure.

Q. Okay. Was the Date Product Shipped column indicate that the order has been released?

A. It could, but you could be using a date stamp from other aspects of that same order.

Q. Okay. How about the Shipped column? Would that indicate that the order has actually been shipped?

A. It could, it could.

Q. Now, if we scroll over to the far left, looking at the Customer Name column, it appears that virtually -- well, I won't say "virtually all" -- but more than half of the orders that were held but appear to have been released without a release reason relate to Remedy Senior Care of Ohio.

Do you know why Remedy Senior Care of Ohio would have its orders released from the suspicious order monitoring system with no reason for the release recorded in TPS?

MR. MATTHEWS: Objection.

THE WITNESS: No, I don't. But I can tell you that Remedy Senior Care of Ohio -- we have extensive information on them relating to their dispensing practices and the customer channel in which they serve.

BY MR. NOVAK:

Q. Okay. That's all I have as to that exhibit.

MR. NOVAK: Take a quick break.

THE VIDEOGRAPHER: The time is 5:46. We're off the record.

(Recess from 5:46 until 5:58 p.m.)

THE VIDEOGRAPHER: The time is 5:58. We are now back on the record.

BY MR. NOVAK:

Q. I had a few additional questions with respect to Exhibit B that was produced in conjunction with Anda Exhibit 30 in Anda Supplemental Response to Plaintiff's Combined Discovery Requests, if we can pull back up that particular tab of the spreadsheet.

Now, would Exhibit B identify instances where a customer of Anda in either Cuyahoga or Summit County had applied for eligibility to purchase controlled substances?

A. That data could be entered into the notes, but that's not the only place that it would be.

Q. Where else -- or what other column would it be contained in?

A. I don't know that I'm referring to a column, but the customer file and any of their due diligence

information, dispensing data information, their questionnaire, that would all be contained in the customer file.

Q. Okay.

A. This is specifically a notes field within the TPS customer record.

Q. Is there a Customer Denied row in Exhibit B?

A. I don't see one.

Q. Okay. However, there are instances where, in the Customer Notes field, it identifies that controls were denied.

For instance, in Row 6 for the Southside Pharmacy, in Lorain, Ohio.

A. Correct.

MR. NOVAK: Is there a way of filtering those instances where Controls Denied are identified in the notes field?

BY MR. NOVAK:

Q. All right. If we look solely for those instances where Anda had recorded the controls had been denied in the Notes field, it appears as though there are six customers for whom controls were denied by Anda.

Is that accurate?

A. I agree, you're showing six customers on that screen and that filtering of that screen. I disagree with the continuity of the notes because the way you are filtering it and only looking for the "word denied," you may or may not be including all of the notes associated with a respective customer.

Q. Okay. So this has identified some instances where controls were denied but -- well, let's just go through them. There aren't that many.

The first one, Southside Pharmacy, in Lorain, Ohio, based on your reading of the TPS Notes field, is it fair to say that that customer applied for controlled substances and was denied?

A. It's not clear to me whether the customer initiated the review or compliance initiated the review. Looking at Row 9, to me, that would be the first entry related to Southside that has the word "denied" in the line item.

As I previously stated, I would want to look at all of the notes associated with that customer and follow the timeline, because you're sorted descending by date -- or it looks like you are sorted by customer and then descending by date is what I see.

Q. So looking at Southside Pharmacy in Row 9

where it says in the customer notes field: Denied controls. Asked rep for updated DD -- would that be dispensed data?

A. That would be dispense data.

Q. And when would that note have been entered?

A. 9:54 a.m. on January 22 at 2014.

Q. So is it fair to say that Southside Pharmacy was denied controls on that date in 2014?

A. At that time on that date in 2014.

Q. Okay. So you have it down to the minute, a determination as to when they were denied?

A. I have down to the minute the time in which that comment was entered on that customer notes field.

Q. Your precision is appreciated.

Now, the next customer that is referenced as having their controls denied in Summit County is Church Square Pharmacy on Euclid Street. Is it fair to say that that customer had their application for eligibility for controlled substances denied?

A. Yes, it is. It shows that at least two times based on your current filter of that sheet.

Q. Okay. And those two times would be what?

A. Row 63 and 64 on 4 /18/2012 and 3/21/2012

respectively.

Q. Okay. The next customer in Summit County that is referenced in -- in Exhibit B is St. Claire Drug on -- I can't see which street --

A. Do you mind expanding a little bit?

Q. Yeah.

So St. Claire Drug on St. Claire Avenue in Cleveland. Now, there was one instance where the Customer Notes field indicates that oxycodone and methadone were denied. Still don't have the most recent dispensed data.

Is that the reason why they would have been denied at least as to those two controlled substances?

MR. MATTHEWS: Objection.

THE WITNESS: Again, I'm going to point you back to your filter not showing complete and accurate notes. An example is Lines 72 and 76. Line 76 shows a sequence number of two for the notes associated with that line. I'm missing the context of the first part of that note.

BY MR. NOVAK:

Q. Is that --

A. I mean, again, you have it sorted descending

by date. So if -- if we want to talk about that customer, I would go to the earliest date in which we had notes and work -- work the timeline.

Q. Okay. If we filtered these customers using their DEA number, now that we have located them, would that give us a more expanded notes field as to the history for them?

A. I believe so.

Q. So the customer --

A. Or even the customer number.

Q. Yeah. So let me just write them down before we leave this.

309826 is the customer number for Southside Pharmacy. 89334 is the customer number for Church Square Pharmacy. 503203 is the customer number for St. Claire Drug. 89963 is the customer number for Northeast Ohio Health Service. 19758 is the customer number for Parent Pharmacy Services. And, finally, Jim Edwards' customer number is 361260.

Is that correct for all of those?

A. Yes, sir.

Q. Okay. So for purposes of getting a more fulsome description of the customer notes, if we look to each of those customer numbers, we would be able

to get a broader description?

A. I think you would be looking at everything that's contained on that spreadsheet.

Q. Okay. Why don't we start with Customer 309826.

Now, if we scroll over to the customer notes field, there is a more extensive description. Would that be all of the notes that were maintained as to that customer for the dates that are referenced in each of those rows?

A. For the selection criteria of that report, yes.

Q. Okay. And is it still accurate to say that this particular pharmacy had its controls denied by Anda?

A. The first entry, which I see controls being denied or removed for that customer, is on November 30th, 2011.

Q. Okay. And would they ever have been eligible for controls subsequent to the date you identified in 2011?

MR. MATTHEWS: Objection.

THE WITNESS: I'm not sure as to what there was before. I can tell you that on

November 30th, 2011, the note says that controls were removed and that the dispensing data was on file.

BY MR. NOVAK:

Q. Okay. Now, the -- the note above that states: No controls ever reported to the DEA.

Is that an indication that this is a customer who would have been reported to the DEA on one of Anda's submissions?

A. Yes. Either cut off or denied.

Q. And the date of the entry of the "no controls ever reported to the DEA" is -- is that December 8th of '11?

A. That's correct.

Q. Okay. Let's go next to Customer 89344.

So this is the Church Square Pharmacy in Euclid Avenue, and if we go over to the customer notes field for this customer, it says that "denied controls," and it's got that entry twice, once in March 21st of 2012 and once on April 18th of 2012.

Is that correct?

A. Yes.

Q. Okay. Is there an indication that at any point subsequent to that this customer was ever

approved for purchasing controlled substances?

A. That does not indicate to me that they were approved for controlled substances.

Q. All right. Let's go to Customer Number 503203.

So this is St. Claire Drug on St. Claire Avenue and the Customer Notes fields are fairly extensive. There is a reference to various points in time when different actions were entered by a compliance staff member as it relates to actions taken on controlled substances. Is that an accurate characterization?

MR. MATTHEWS: Objection.

THE WITNESS: Yes. I see quite a few rows of notes related to this customer on multiple entries.

BY MR. NOVAK:

Q. So many of them that I'm not going to go through them in my remaining time.

But can you make a decision -- or a determination from a review of those notes as to whether there was ever a time where their eligibility for controls was denied?

A. I see them starting as a new customer number,

because they were acquired by a new owner. Just referencing Rows 87 through 90, those notes told me that somebody bought them which probably resulted in them receiving a new DEA number and they definitely received a new Anda customer number.

We opened them with 500 limits, except it shows codeine at 1,000. No Oxy or methadone at this time. We can review for increased limits of Oxy or methadone in a few months with new summarized data.

Q. Okay.

A. The next entries talk about increase denied, no specifics given; told rep we just turned them on for controls and we can review in a few months for increases with new dispense data. See notes below.

Increase denied again. Revisit in three months.

Q. Okay.

MR. MATTHEWS: Are you finished with your answer?

THE WITNESS: Do you need me to continue?

MR. MATTHEWS: I think the question was: Can you tell from those notes whether there was a denial of controls?

MR. NOVAK: Yes.

MR. MATTHEWS: Are you finished with the answer?

THE WITNESS: I don't see an all-out denial for access to all controls. I see denials for requested increases and/or access to oxycodone and methadone.

BY MR. NOVAK:

Q. Okay. If we can go to Customer Number 360.

So this is the Jim Edwards pharmacy on Hudson Industrial in Hudson, Ohio. Looking at the Customer Notes field, can you make a determination as to whether this customer was ever denied eligibility for controlled substances?

A. The first entry shows that controls access was removed, and there's a reference to the customer not actively buying.

The next entry approximately ten months later shows that controls were denied and that it was a mail order pharmacy and the products were mainly liquids. Dispensing data on file.

Approximately four months later, controls denied again.

Another month later -- my error, it was not four months later. I misread. It was December to

January. So it was one month later that controls were denied again.

Next entry is the end of February. Discussed with RB, Robert Brown, turning on for diazepam and alprazolam only at 300 each. See e-mail in account folder. Dispense data on file.

Fast-forward again to the end of March, there's an entry: Customer requested Suboxone, denied, controls removed after discussing with RB, Robert Brown, new dispensing data on file.

Q. All right. If we can go back for a moment to the Southside Pharmacy, which is Customer Number 309826.

In the Notes field of no controls ever reported to the DEA, is that an indication that Anda submitted a report to the DEA listing Southside Pharmacy as a pharmacy for which they would decline selling controlled substances to?

A. That shows two declarative sentences that say "no controls ever reported to the DEA." So I would suspect that that would have been on one of the reports for the DEA.

Q. Okay. That 's all I have for that exhibit.

(Anda Exhibit 31 was marked for

identification.)
BY MR. NOVAK:
Q. We've had marked as Anda Exhibit 31 a document that was produced to us yesterday entitled "2007 Standard Operating Procedures for Anda Pharmacy, AndaMeds, and VIP Commissioned Employees Compensation."
Are you familiar with this document?
A. Generally, yes.
Q. Okay. Are these the compensation policies that were in place for Anda in 2007?
MR. MATTHEWS: Objection.
THE WITNESS: Yes. For Anda, AndaMeds, and the VIP commissioned employees.
BY MR. NOVAK:
Q. Okay. Do you know what period of time these compensation policies were in place as it related to Anda?
A. I believe there was a specific policy for each year.
Q. Okay.
MR. MATTHEWS: I think that's it. I think you are over your time.
MR. NOVAK: I just have one last question.

MR. MATTHEWS: You are over your time.

MR. NOVAK: It's not an offensive one.

MR. MATTHEWS: I'll give you one more question.

BY MR. NOVAK:

Q. There are handwritten notes at certain places throughout the document. Do you know whose handwritten notes they are?

A. Yes, I do.

Q. Whose are they?

A. Dan Shannon, sales director.

Q. Okay.

THE VIDEOGRAPHER: We're going off the record. The time is 6:23.

(Recess from 6:23 until 6:26 p.m.)

THE VIDEOGRAPHER: The time is 6:26. We're now back on the record.

CROSS-EXAMINATION

BY MR. MATTHEWS:

Q. Good evening, Mr. Cochrane. I know you know me, but I will introduce myself for the record. I'm James Matthews. I represent Anda this evening, and I have a few questions to just clarify some of the answers you have given over the course of the day.

Is that okay?

A. That's fine.

Q. I know that you have been here for a very long time. I believe we began at 9:00 a.m. and it is now 6:30 -- or 6:26 p.m.

A. Correct.

Q. So we'll try to get through this as quickly as we can, and we appreciate the time you have given us.

Way back at the beginning of the day, Mr. Novak asked you some questions about conversations that you had or that you participated in with Tracey Hernandez of Watson and some individuals at DEA in the summer of 2007.

Do you remember that line of questioning?

A. Yes, I do.

(Anda Exhibit 32 was marked for identification.)

BY MR. MATTHEWS:

Q. I'm going to hand you what's been marked by the court reporter as Exhibit 32 for identification.

I will ask you to take a look at that and tell me if you know what that is.

ATTORNEY VIA TELEPHONE: Excuse me, could you

please provide the Bates numbers for that document.

MR. MATTHEWS: Anda_Opiods_MDL 275627.

THE WITNESS: Yes, I'm familiar with this.

BY MR. MATTHEWS:

Q. What is this document?

A. This is a summary document that Tracey Hernandez sent to Diane Miranda, who was her boss at Watson; Al Paonessa, which was my boss at Anda; and it's copied to Michael Cochrane and myself.

Q. And what does it describe?

A. It summarizes our conversation that we had with DEA representatives from Washington D.C. related to the inquiry that was made to Tracey about Anda.

Q. Do you recall Mr. Novak asking you questions about that conversation earlier in the day?

A. Yes, I do.

Q. And among other things, you described that one of the topics of the conversation was the limits on distributing controlled substances to pharmacies?

A. Yes, I do.

Q. Can you expand on the scope of that conversation?

A. We talked about specifically the guidance

that DEA had given us of 5,000 dosage units per month on products, and we, you know, had more conversation around the ability for us to increase that because we had some customers that we felt needed more than that quantity.

And Mr. -- Mr. Mike Mapes responded that, yeah, 5,000 was just a -- a guideline, and if there were legitimate needs, that we were entitled to do that if we had sufficient data to support that.

We gave an example of one very large customer that we had at the time that was servicing nursing homes that had 63,000 beds and patients that they were servicing in the New York/New Jersey area. The data and the e-mail shows the 23,000 prescriptions for over 2,000 products that that pharmacy handled, and Mr. Mapes was understanding of that.

Q. Okay. Was there any discussion about Anda's reporting practices on that phone call?

A. Yes, there was.

Q. What was that discussion about?

A. They were talking about receiving consolidated data in an ARCOS format at a more frequent interval than what was previously being provided.

Q. Was there discussion about where that data should be provided?

A. Directly to Washington, directly to the gentleman that we were working with, Mike Mapes, and I believe Kyle Wright was involved as well.

Q. What kind of data was discussed?

A. Transactional data of Anda shipments.

Q. Was there anything in addition to simply transactional data?

A. I don't -- I'm not sure.

Q. Okay. Do you recall at one point in the morning Mr. Novak asked you a series of questions about how and when customer questionnaires were used by Anda in connection with its suspicious order monitoring system.

Do you remember those questions?

A. Yeah.

Q. I'm going to hand you what's been marked for identification as Exhibit 33, which is document bearing Bates numbers Anda_Opioid_MDL_275445 through 275455.

(Anda Exhibit 33 was marked for identification.)

///

BY MR. MATTHEWS:

Q. Let me ask you to take a look at that, Mr. Cochrane, and tell me if you know what that is.

A. Yes.

This is an e-mail trail and a couple of attachments that have our questionnaire and a cover letter that accompanied the questionnaire written and signed by Al Paonessa, our leader at the time.

And the e-mail describes some activity around how we communicated and sent the questionnaire and related letter to our customers.

Q. Okay. Now let's break it down a little.

If you look at the pages bearing Bates Numbers Anda_Opioids_MDL 275445 through 448, what are those pages?

A. 445 through 448 are specifically the e-mail.

Q. What's being discussed in the e-mails?

A. There's -- the initial e-mail is an approval request from Michael Cochrane to Al Paonessa and myself related to some of the wording in a document that I assume was attached there.

The next e-mail is Michael asking for follow-up from Al Paonessa and myself, asking when we have read it so we could send the e-mail to customer

service so customer service could facilitate mailing out these documents.

The next is Michael confirming he got an approved from Al Paonessa to start mailing the questionnaire and the final versions are referenced as attached.

The next entry is Becky Gross, who was our customer service manager at the time, sending back to Michael confirming that they would get all those out in the mail. And she asked if -- if there was going to be any communication to the sales floor about the customers that had been sent a questionnaire.

Michael suggesting Gavin loading in Remedy -- Remedy is a call center management tool, a program that the sales reps use. It's a workflow system that has the ability to turf tasks from one person to the next.

So if Gavin was going to take that listing of customers, he would push that to the Remedy screens that their respective reps would use so they had visibility of what was sent out to them.

There's then an entry for Mark Falcon, who was, I believe, in marketing at the time -- sales and marketing. And he confirms some of what I just

described related to that.

The last entries are related to Michael directing some individuals to where the original file was created and the person who did it.

And then the final one is a confirmation from Carrie that they had all been sent out.

Q. All right. What is the date of the final e-mail?

A. August 10th, 2007.

Q. And could you read the text of that e-mail, please?

A. It's to Michael Cochrane, copying Gavin Mulligan, Al Paonessa, Becky Gross, Dominic Floro, Gavin Mulligan again, Kim Bloom, Mark Falkin, Patrick Cochrane, Paul Sciortino, and it's from Carrie Bennett saying all the mailings have been completed and sent out. The pharmacies will be receiving them on Monday.

Q. All right. If you could turn to the page bearing -- of Exhibit 33 bearing Bates number Anda_Opioids_MDL 275449.

What's that?

A. This is the letter that was sent as a -- in conjunction with the questionnaire to the customers.

Q. All right. And if you turn to the pages of Exhibit 33 bearing Bates Number Anda_Opioids_MDL 275451 through 55, what is that?

A. That is the customer questionnaire that we sent out as -- as part of that complain.

Q. Mr. Cochrane, to whom was this mailing sent on or about August 10th, 2007?

A. Pharmacy customers of Anda.

Q. Okay. And what kind of pharmacy customers?

A. All of the independent pharmacies and the one serviced by the pharmacy floor.

Q. Did that include everyone whether or not they purchased controls?

A. It did.

Q. So as of August 10th, 2007, is it fair to say that Anda had sent customer questionnaires to all of its -- controlled substance customer questionnaires to all of its independent pharmacy customers?

A. Yes, it did.

Q. And was it the case that from that point forward it was the policy and procedure of the company to send questionnaires to customers who sought to obtain controlled substances from Anda?

A. Yes. The questionnaire was a vehicle for us

to get information about the pharmacy.

Q. I'd like you, if you could, to turn back to Exhibit 3, which Mr. Novak showed you earlier today.

A. Okay.

Q. I'll withdraw that. I'm sorry.

Can you look at Exhibit 10 which Mr. Novak showed you earlier today.

You may -- this is -- Exhibit 10 is a version of Standard Operating Procedure 28, which is captioned "Information Needed to Set Up a New Account," right?

A. Yes.

Q. And you were asked some questions about this particular version of it by Mr. Novak on direct, including that this was the written standard operating procedure for information needed to set up a new account effective as of September 26, 2008, right?

A. Yes.

Q. And Mr. Novak asked some questions about whether there was anything in the standard operating procedure that reflected a requirement of obtaining due diligence information on customers who were seeking to purchase controlled substances.

Do you remember that?

A. Yes, I do.

Q. At this time in 2008, wasn't it the case that Anda was requiring all customers seeking to purchase controlled substances to submit a customer questionnaire?

MR. NOVAK: Objection.

THE WITNESS: Yes, we were.

BY MR. MATTHEWS:

Q. What information -- without regard to what Standard Operating Procedure 28 said in September of 2008, what information was Anda requiring all customers who wished to purchase controlled substances from Anda to submit?

A. The data that is shown in 3.1 B, as well as the questionnaire.

Q. And the questionnaire, you mean the questionnaire we attached as to Exhibit 33?

A. Yes, sir.

Q. Okay. Could you take a look at Exhibit 13.

Exhibit 13 is a copy of SOP 25 -- excuse me, -- SOP 28, which was in effect as of January 5, 2015, right?

A. Yes.

Q. And Mr. Novak asked you some questions about the procedures described in Paragraph 3.1.

Do you recall that?

A. Yes.

Q. And, in particular, he focused your attention on the second page of the standard operating procedure which bears Bates number Anda_Opioids_MDL 36520.

And the passage which provides the bullet which provide, quote: In most cases, we also require the submission of a dispensing log of controlled and noncontrolled substances dispensed by the pharmacy, period, end quote.

Do you remember that questioning?

A. Yes, I do.

Q. And do you remember that Mr. Novak asked you if it was the case that at this time the regulatory compliance analysts reviewing a request had discretion whether to require submission of dispensing data.

Do you recall those questions?

A. Yes, I do.

Q. If you turn to the page bearing Anda_Opioids_MDL 36521 of Exhibit 13, which is the

third page of the standard operating procedure in effect at that time, could you read into the record what is provided in Paragraph 2?

A. Paragraph 2 states: In addition to the regulatory documentation described in the proceeding section, all customers requests the ability to purchase controls must complete a customer questionnaire, a copy of which is attached hereto.

Further, all customers desiring to purchase controlled substance must provide a dispensing log that contains a list of all pharmaceutical products dispensed by the customer during the three months immediately preceding the date that the account is established, which includes the quantities and number prescriptions filled for each dispensed product.

The dispensing log should be organized by the largest dispensed product in descending order.

Q. Having read that, does that refresh your recollection about whether the analyst reviewing requests to obtain controlled substances had discretion to require submission of a dispensing -- of an applicant's dispensing data?

A. It does refresh, and this states that it's required.

Q. Okay. Could you take a look at Exhibit 14.

Exhibit 14 is another version of SOP 28 which Mr. Novak asked you about. This one is as of February 6, 2016, correct?

A. Yes.

Q. And I believe that Mr. Novak asked the same series of questions about whether the standard operating procedure, as written, vested analysts with discretion to require dispensing data. And I believe, again, he focused your attention on Paragraph 3.1.

I'd like to focus your attention on Paragraph 3.2 and ask if that refreshes your recollection about what was required as of the date of this standard operating procedure.

A. Yes, it does.

Q. And how was your recollection refreshed?

A. It refreshes the fact that it was a required document at the time of this version.

Q. All right. If you could turn to Exhibit 15.

Exhibit 15 is a copy of Standard Operating Procedure 40, captioned "Orders of Interest Monitoring System, Suspicious Order Monitoring" effective as of December 2011, right?

A. Correct.

Q. And Mr. Novak asked you a question, or some questions, about a particular provision of this which referred if you -- if you refer to the second page of the SOP, Paragraph III, the first bullet point, Mr. Novak asked you some questions about that bullet point which reads: Determine if customer had previously been reviewed or grandfathered into control eligibility.

Do you see that?

A. I do.

Q. And in particular, he asked you about the phrase "grandfathered into control eligibility."

Do you recall those questions?

A. Yes, I do.

Q. By 2011, what information about every customer to whom Anda sold controlled substances had Anda obtained without regard to whether a customer had been with it for a long period of time?

MR. NOVAK: Objection.

THE WITNESS: At that point, by 2011, there was a large return of customer questionnaires by our customer base. And as, you know, some of the notes had shown, there were customers that had

control eligibility removed and had references to no questionnaire on file or request for DD and CQ.

BY MR. MATTHEWS:

Q. Right.

And when was it that the first request to all existing customers went out to provide answers to customer questionnaire?

A. August of 2007.

Q. How many years before the standard operating procedure was adopted?

A. Over four.

Q. Thank you.

If you could, could you look at Exhibit 23.

A. Okay.

Q. Exhibit 23 is an e-mail chain among and between you and Michael Cochrane and Al Paonessa, among others, describing and attaching a news article about the Harvard Group Drug, right?

A. Correct.

Q. And in the -- Mr. Novak asked you some questions about this information -- this e-mail and the Harvard Drug Group news story and asked you whether Anda was concerned at that time about the

possibility that the same type of enforcement action that was brought against Harvard might be brought against Anda.

And your answer was, as I recall, yes; is that correct?

A. Yes.

Q. Could you explain, what information did you have from DEA at that time, if any, that DEA was considering bringing an enforcement action against Anda?

A. At that time, we did not have any.

Q. So when you told Mr. Novak that there was concern, what did you -- what did you mean by that?

A. We were evaluating the channels in which we were shipping drugs into.

Q. Right.

Was there any basis for you to believe at that time that Anda would -- was under investigation for the kind of conduct that Harvard was found to have been subject to an enforcement action for?

MR. NOVAK: Objection.

THE WITNESS: No, there was not.

BY MR. MATTHEWS:

Q. I wanted to just ask you a question or two

about Remedy Senior Care, the pharmacy in Ohio that Mr. Novak asked you about towards the end of his examination.

Do you recall those questions?

A. I do.

Q. And he showed you a spreadsheet that seemed to suggest that orders from Remedy Senior Care were held by the electronic order monitoring system and then released without an explanation provided on that spreadsheet.

Do you remember that?

A. I do.

Q. And you told Mr. Novak at that time that you had -- that Anda had quite a lot of information about Remedy Senior Care.

Do you recall that?

A. I do.

Q. Could you explain what information Anda had had about Remedy Senior Care at the time that the decisions were made to ship products to Remedy?

MR. NOVAK: Objection.

THE WITNESS: Yes. So Remedy Senior Care is a large customer of Anda's. They primarily service the elderly in a closed-door pharmacy

type network where they service nursing homes and facilities.

The specific location in Ohio services over 13,000 beds, so they have a very large pharmacy operation taking care of those elderly patients.

BY MR. MATTHEWS:

Q. What is a close-door pharmacy?

A. It's a pharmacy that only dispenses within the confines of their business. So they don't service off-the-street patients.

Q. And what's the significance of the fact that it is a 13,000 bed long-term care center for the elderly in terms of evaluating appropriateness for sales of controlled substances?

A. There are certain types of products that are used with great frequency in long-term care assisted live type facilities, mainly due to the age and the nature of the patients that they are serving.

Q. And what -- what kinds of products would you normally expect to see dispensed in those environments?

A. It's -- it's a cornucopia of everything. You know, you will have all of your heart medications, you'll have your breathing treatment medications, you

will have your pain meds. There's a lot of everything. High blood pressure medication, triglycerides reducers, your Crestors. There's a lot of drugs.

Q. What information about the senior -- sorry -- about Remedy Senior Care of Ohio does Anda -- about -- let me withdraw that and try again.

What information about Remedy Senior Care of Ohio's dispensing practices is maintained by Anda in its files?

A. We have detailed files related to their purchases and dispensed -- dispensed drugs.

Q. Have you reviewed that information?

A. Yes.

Q. What does it show?

A. It shows a --

MR. NOVAK: Objection.

THE WITNESS: It shows a low overall percentage of controlled substances. It's very highly skewed towards maintenance-type drugs.

BY MR. MATTHEWS:

Q. At the beginning of the day, Mr. Novak asked you if Anda had an understanding of the -- what was a, quote, suspicious order.

Do you remember that?

A. Yes, I do.

Q. Do you recall what your answered?

A. Yes, I do.

Q. What did you answer?

A. I answered orders that deviate from the norm.

Q. Could you explain that answer a little bit?

A. It's -- it's orders that we would hold, review, and otherwise determine were not for legitimate purposes.

Q. Okay. Now, from time to time, Anda reported suspicious orders to DEA, right?

A. Yes, we did.

Q. How did Anda determine what orders to report?

A. In the beginning or --

Q. From 2011 onward.

A. From 2011 onward, it would be based on the reviews that we did of individual orders that were held or pended within one of our two systems that we were using. And if a thorough review of that order and customer and any other information that we had deemed it that the possibility for elicit purposes were going to be applied to that order, we would report it.

Q. From time to time, did Anda have conversations with DEA agents in the field and in Washington, D.C. about what their expectation was in terms of suspicious order reporting?

MR. NOVAK: Objection.

THE WITNESS: Yes, we did.

BY MR. MATTHEWS:

Q. What were those conversations?

MR. NOVAK: Same objection.

THE WITNESS: Chronologically?

BY MR. MATTHEWS:

Q. In general, what was the sum and substance of those conversations?

MR. NOVAK: Objection.

THE WITNESS: In general, they didn't want too many orders. We could go back to a time where the local office was cc'd on every order that had controlled substance -- substances on it back to the earlier years when I became employed at Anda, to them telling us to stop that practice.

And then we devised a suspicious and excessive reporting cadence that was happening that was an after-the-fact system. And then, you

know, in 2007, we had Washington asking us to send them all of our transactions again, directly.

BY MR. MATTHEWS:

Q. Okay. Do you recall that Mr. Novak asked you some questions about interactions between you and DEA agent Gayle Lane in the 2010/2011 time period?

A. Yes.

Q. And those interactions were about the submission of customer cutoff reports.

Do you remember that?

A. Among other things, yes.

Q. What is your memory of those -- of the substance of those conversations?

A. The conversations started --

MR. NOVAK: Objection.

THE WITNESS: -- with Gayle wanting to have more frequent communication between her and Anda locally. She -- she was appreciative of the customers that we were advising her of that we were ceasing to do business with and otherwise cutting off.

She -- she was -- was happy with the format of the customer cutoff spreadsheet that we had

devised and worked with her on a couple of drafts.

BY MR. MATTHEWS:

Q. How frequently did you interact with her during this period of time?

A. Immediately after the inspection, it was a couple to three times a week, usually in the evenings. And as we, you know, developed the spreadsheet and the customer listing of cutoffs, it became a little less frequent as we went into the rest of the year, but it was still very regularly.

Q. I would like you to look at Exhibit 26 if you would.

A. Yes.

Q. In these conversations you are describing, by the way, with Ms. Lane are additional conversations about suspicious order reporting between you and DEA, right?

A. Suspicious customers, trends we were seeing. We were definitely communicating and sharing some of the same opinions related to the risk that was associated with not just Florida cutting off the ability for doctors to dispense, but just overall, where the pain management and where the doctors'

demand was going to go.

Q. And this conversation -- communication with DEA about suspicious customers and suspicious orders, that has continued onward between Anda and DEA through the present today; is that correct?

A. Yes, that's correct.

MR. NOVAK: Objection.

BY MR. MATTHEWS:

Q. Looking at Exhibit 26, Mr. Novak asked you some questions about Exhibit 26.

Could you explain the context of this e-mail?

A. Michael's e-mail is sending her the latest file of the suspicious customers. Ms. Lane responded back with an excerpt of the CFR, talking about suspicious orders, when they are discovered, need to be reported.

Q. And did you have any follow-up conversations with Ms. Lane about this e-mail after it was sent?

A. I did not. Michael did.

Q. What did you understand was said?

A. Michael -- the understanding that we had from this is that she needed to send this e-mail to us, that -- as it was quoting specifically what the CFR dictated. It didn't necessarily change her opinion,

and she definitely didn't want us to stop communicating customers that we had cut off or denied controls to.

Q. And what were the reporting practices that you implemented after you received this e-mail?

A. We continued to -- we continued to report any customer that we denied doing business with either initially or ceased doing business with for existing customers.

Q. And how about separate suspicious -- separate reports of information captioned "suspicious order"? Were you submitting those after this e-mail?

A. Yes, there were some.

Q. When?

A. Through the following years, there were -- there were some that, as that report evolved, became multiple tabs.

Q. Were you ever told to stop submitting reports of customer cutoffs?

MR. NOVAK: Objection.

THE WITNESS: No.

BY MR. MATTHEWS:

Q. That was your view of how DEA -- I'll withdraw that question.

MR. MATTHEWS: I don't have any further questions at this time. Thank you, Mr. Cochrane.

THE VIDEOGRAPHER: Going off the record. The time is 7:06.

(Recess from 7:06 until 7:06 p.m.)

THE VIDEOGRAPHER: The time is 7:06 p.m. We are now going off the record. This marks the end of the deposition.

(Whereupon, the deposition concluded at 7:06 p.m.)

C E R T I F I C A T E

I, KELLY J. LAWTON, Registered Professional Reporter, Licensed Court Reporter, and Certified Court Reporter, do hereby certify that, pursuant to notice, the deposition of PATRICK COCHRANE was duly taken on January 24, 2019, at 9:13 a.m. before me.

The said PATRICK COCHRANE was duly sworn by me according to law to tell the truth, the whole truth and nothing but the truth and thereupon did testify as set forth in the above transcript of testimony. The testimony was taken down stenographically by me. I do further certify that the above deposition is full, complete, and a true record of all the testimony given by the said witness.

_____

KELLY J. LAWTON, RPR, LCR, CCR

(The foregoing certification of this transcript does not apply to any reproduction of the same by any means, unless under the direct control and/or supervision of the certifying reporter.)

INSTRUCTIONS TO WITNESS

Please read your deposition over carefully and make any necessary corrections. You should state the reason in the appropriate space on the errata sheet for any corrections that are made.

After doing so, please sign the errata sheet and date it. It will be attached to your deposition.

It is imperative that you return the original errata sheet to the deposing attorney within thirty (30) days of receipt of the deposition transcript by you. If you fail to do so, the deposition transcript may be deemed to be accurate and may be used in court.

- - - - - -

E R R A T A

- - - - - -

PAGE	LINE	CHANGE
____	____	_____
	REASON:	_____
____	____	_____
	REASON:	_____
____	____	_____
	REASON:	_____
____	____	_____
	REASON:	_____
____	____	_____
	REASON:	_____
____	____	_____
	REASON:	_____
____	____	_____
	REASON:	_____
____	____	_____
	REASON:	_____
____	____	_____
	REASON:	_____
____	____	_____
	REASON:	_____

ACKNOWLEDGMENT OF DEPONENT

I, PATRICK COCHRANE, do hereby acknowledge that I have read the foregoing pages, 1 to 282, and that the same is a correct transcription of the answers given by me to the questions therein propounded, except for the corrections or changes in form or substance, if any, noted in the attached Errata Sheet.

_____ _____

PATRICK COCHRANE DATE

Subscribed and sworn to before me this

____ day of _____, 20___.

My Commission expires: _____

_____

Notary Public

LAWYER'S NOTES

PAGE LINE